

MBOMBELA LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010



Together in partnership, building a Model African City of Excellence

ANNUAL FINANCIAL STATEMENTS

for

MBOMBELA LOCAL MUNICIPALITY

for the year ended 30 June:

2010

Province:

Mpumalanga

AFS rounding:

R (i.e. only cents)

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General information

Members of the Mayoral Committee & their Portfolios

Clr LL Chiwayo	Executive Mayor
Rev. M Nthali	Speaker
Clr C N Ndlovu	Deputy Executive Mayor - MMC Financial Services
Clr M W Nkosi	Chief Whip
Clr E M Dludlu	Member of Mayoral Committee - City Planning and Development Services
Clr T V Ndlala	Member of Mayoral Committee - Economic and Tourism Development
Clr J V Sambo	Member of Mayoral Committee - Human Capital and Community Services
Clr Z J Mokoena	Member of Mayoral Committee - Corporate Services
Clr M J Msibi	Member of Mayoral Committee - Youth, Rural Development, Traditional Affairs and Special projects

Ward Councillors			
Councillor	Ward	Councillor	Ward
Clr E M Khoza	1	Clr M E Banda	19
Clr T R Sgudla	2	Clr G S Siwela	20
Clr L E Nyalunga	3	Clr S S Lukhele	21
Clr T M Manana	4	Clr B P Maseko	22
Clr N M Mashabane	5	Clr T E Nkosi	23
Clr H K Malomane	6	Clr T F Nkosi	24
Clr J V Sambo	7	Clr N B Matume	25
Clr M M Mlimi	8	Clr M S Dube	26
Clr C G Mokoena	9	Clr Z L Mandlazi	27
Clr M A Ngwenyama	10	Clr H L Lekhuleni	28
Clr F G Mbuyane	11	Clr M J Msibi	29
Clr M C Mafutha	12	Clr C J M Pienaar	30
Clr N L Mkhwanazi	13	Clr N L Mabunda	31
Clr M D Mnisi	14	Clr M O Mathebula	32
Clr F Lange	15	Clr A B Mashabane	33
Clr C J Booyens	16	Clr J M Mbazo	34
Clr T M Charles	17	Clr S G Chiloane	35
Clr W A Mona	18	Clr T J Milazi	36

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General information

Councillors, Proportional	
Clr A A Ndowane	Clr N A Mokoena
Clr V Nkosi	Clr S D Mboshane
Clr C Maseko	Clr S R Mdluli
Clr C Mathaba	Clr S R Schormann
Clr D P C Tau	Clr S T Luthuli
Clr S B Mdluli	Clr S Zwane
Clr F H J Siboza	Clr T C Simelani
Clr F P Nkala	Clr T K Mabilane
Clr G C de Bruin	Clr T N Sifunda
Clr J D Nkosi	Clr V B Mlimi
Clr J Koster	Clr V A Mdluli
Clr J M Khumalo	Clr V M Mathebula
Clr J Sidell	Clr W N Murphy
Clr M J Mwali	Clr Z M Boroko

Audit and Performance Audit Committee

Prof MJ Maseko	Chairperson	(Resigned 30 November 2009)
O Mhlabane (Ms)	Member	(Resigned 30 November 2009)
A Keyser (Mr)	Member	(Chairperson from 23 April 2010)
E Cousins (Mr)	Member	(Appointed 15 July 2009)
CA Nkuna (Mrs)	Member	(Appointed 01 March 2010)
RTO Dipone	Member	(Appointed 01 March 2010)

Acting Municipal Manager

Mrs. N. T Mthembu

Acting Chief Financial Officer

Mr O. P Mokoena

Grading of Local Authority

Grade 7

Auditors

The Auditor-General

Bankers

ABSA Bank Nelspruit

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General information (continued)

Registered Office:

Nelspruit Civic Centre

Physical address:

Civic Centre
1 Nel street
Nelspruit
South Africa

Postal address:

P O Box 45
Nelspruit
1200

Telephone number:

(013) 759 9111

Fax number:

(013) 759 2002

Website address:

www.mbombela.gov.za

Libraries

Hazyview
Kabokweni
Matsulu
Nelspruit
Nelsville
Victory Park
White River

(013) 737 7220
(013) 796 1082
(013) 778 9864
(013) 759 2077
(013) 755 4788
(013) 759 2089
(013) 750 9125

Enquiries

Building Plans
Electricity
Water & Sewerage
Consumers

(013) 759 2184
(013) 759 2231
(013) 752 2580
(013) 759 2025 / 2064

Paypoints

White River
KaNyamazane
Matsulu
Kabokweni
Hazyview
Nelspruit Civic Centre

(013) 751 1176
(013) 794 1254
(013) 778 9061
(013) 796 0227
(013) 737 7346
(013) 759 2025 / 2064

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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. These statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2010.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act.

The draft annual financial statements have been adopted by the municipal council on 27 August 2010, as per council resolution A(3) for submission to the Auditor-General on or before 31 August 2010 for audit purposes in accordance with section 126(3) of the Municipal Finance Management Act, 56 of 2003.

Mr J Ngobeni
Acting Municipal Manager:

Mr O P Mokoena
Acting Chief Financial Officer

DATE: 31 AUGUST 2010

MBOMBELA LOCAL MUNICIPALITY
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 R	2009 R
ASSETS			
Current assets		279 222 616	648 002 257
Inventories	2	14 813 214	13 758 629
Consumer debtors and other receivables	3	53 256 142	45 290 294
Other receivables	4	114 685 848	1 037 530
VAT receivable	5	80 567 322	20 303 518
Cash and cash equivalents	6	15 900 090	567 612 286
Non-current assets		5 811 995 016	5 281 888 489
Property, plant and equipment	7	5 696 195 467	5 165 972 596
Intangible assets	8	3 296 212	2 988 937
Investment property carried at cost	9	88 904 778	91 839 885
Biological assets	10	78 975	94 770
Loans and Receivables		1 413 601	974 883
Investments	12	22 105 984	20 017 418
Total assets		6 091 217 632	5 929 890 746
LIABILITIES			
Current liabilities		534 029 501	604 480 692
Borrowings	13	20 442 166	7 789 175
Consumer deposits	15	1 859 900	1 642 315
Other liabilities	16	68 123 799	47 693 498
Unspent conditional grants and receipts	18	141 284 689	414 184 801
Finance lease liability	14	156 132	56 033
Trade and other payables	19	218 054 707	131 120 870
Defined benefit plan obligations	11	2 063 000	1 994 000
Bank overdraft	6	82 045 108	-
Non-current liabilities		144 664 826	151 827 464
Borrowings	13	37 530 962	57 970 129
Consumer deposits	15	9 169 977	9 017 966
Provisions	17	5 115 078	4 407 910
Deferred revenue	20	769 139	769 139
Defined benefit plan obligations	11	91 848 000	79 603 000
Finance lease liability	14	231 670	59 320
Total liabilities		678 694 327	756 308 156
Net assets		5 412 523 305	5 173 582 590
NET ASSETS			
Accumulated surplus		5 412 523 305	5 173 582 590
Total net assets		5 412 523 305	5 173 582 590

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010			
	Note	2010 R	2009 R
Revenue			
Property rates	21	187 192 358	155 405 840
Service charges	22	401 689 880	296 933 941
Finance Income	23	37 154 824	72 077 702
Government grants and subsidies-operating	24	397 738 141	179 798 446
Government grants and subsidies- capital	24	540 310 848	591 565 780
Public contributions and donations	24	-	6 233
Rental of facilities and equipment		1 412 305	1 595 756
Licences and permits		9 219	6 191
Agency fees		20 136 561	18 833 991
Fines		3 022 962	4 556 526
Other Revenue		34 638 228	34 195 367
Total revenue		1 623 305 327	1 354 975 773
Expenses			
Employee related costs	25	303 219 173	242 641 628
Remuneration of councillors	26	15 604 980	13 810 817
Depreciation and amortisation	27	288 062 912	282 577 803
Bad debts		51 062 666	101 931 037
Finance costs	28	12 969 700	11 517 049
Collection costs		530 080	248 089
Repairs and maintenance		120 375 687	89 554 860
Bulk purchases	29	216 350 053	171 599 253
Contracted services	30	169 498 563	95 201 536
Grants and subsidies paid	31	256 000	198 126
General expenses	32	205 239 591	97 635 380
Total expenses		1 383 169 405	1 106 915 577
Loss on sale of assets	33	(1 195 207)	(37 213)
Surplus for the period		238 940 715	248 022 983

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010					
	Note	Disallowed Reserves	Total: Reserves	Accumulated Surplus	Total: Net Assets
		R	R	R	R
Balance at 30 June 2008		1 104 700 876	1 104 700 876	227 329 416	1 332 030 292
Changes in accounting policy: GRAP 17	37				-
Reserves no longer permitted		(1 104 700 876)	(1 104 700 876)	1 104 700 876	-
Restated balance		-	-	1 332 030 292	1 332 030 292
Surplus for the period				248 022 983	248 022 983
Other items					-
Transfers to / from accumulated surplus/(deficit)				55 062 737	55 062 737
Prior year error adjustments				3 538 466 578	3 538 466 578
Balance at 30 June 2009	38	-	-	5 173 582 590	5 173 582 590
					-
					-
Surplus for the period				238 940 715	238 940 715
Other items					-
Transfers to / from accumulated surplus/(deficit)					
Balance at 30 June 2010		-	-	5 412 523 305	5 412 523 305

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CASH FLOW STATEMENT AS AT 30 JUNE 2010			
	Note	2010	2009
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1 080 679 355	1 884 472 932
Cash paid to suppliers and employees		911 743 406	674 406 608
Cash generated from operations	35	168 935 949	1 210 066 324
Finance Income		37 154 824	72 077 702
Finance costs		(12 969 700)	(11 517 049)
Net cash flows from operating activities		193 121 073	1 270 626 977
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PPE		(816 530 088)	(1 117 423 789)
Intangible assets		(307 275)	(180 001)
Proceeds from disposal of PPE and other assets		-	-
Proceeds from sale of investments		(2 088 568)	(2 333 174)
Loans and receivables		(438 718)	(59 406)
Net cash flows from investing activities		(819 364 649)	(1 119 996 370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(7 786 176)	(10 698 792)
Deferred revenue			769 139
Repayment of finance lease liability		272 444	115 358
Net cash flows from financing activities		(7 513 732)	(9 814 295)
Net cash and cash equivalents at beginning of period		567 612 286	426 795 974
Net cash and cash equivalents at end of period		66 145 018	(567 612 286)
Net increase / (decrease) in net cash and cash equivalents	35	633 757 304	(140 816 312)

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1 ACCOUNTING POLICIES

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the Municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements .

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

ISSUED BUT NOT YET EFFECTIVE	STANDARD APPLIED
GRAP 18 Segment Reporting	Not applicable
GRAP 21 Impairment of non-cash-generating assets	IAS 36
GRAP 23 Revenue from Non-Exchange Transactions	GAMAP 9
GRAP 24 Presentation of Budget Information in Financial	Applied
GRAP 25 Employee Benefits	IAS 19
GRAP 26 Impairment of cash generating assets	IAS 36
GRAP 103 Heritage Assets	Not applicable

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

1.6 PROPERTY, PLANT AND EQUIPMENT (cont)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Roads and Paving	3-50
Pedestrian Malls	15-30
Electricity	3-50
Water	5-55
Sewerage	10-55
Community	
Buildings	25-30
Recreational Facilities	25-30
Security	10-25
Halls	25-30
Libraries	25-30
Other assets	
Finance lease assets	
Office equipment	3-15
Other assets	2-10
Other	
Buildings	25-30
Specialised vehicles	5-10
Other vehicles	4-7
Office equipment	3-15
Furniture and fittings	5-7
Watercraft	4-7
Bins and containers	10-15
Specialised plant and equipment	2-20
Other items of plant and equipment	2-10
Landfill sites	10-55
Emergency equipment	5-10
Computer equipment	3-5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The Municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

1.6 PROPERTY, PLANT AND EQUIPMENT (cont)

1.6.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.7 INTANGIBLE ASSETS

1.7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

The expenditure attributable to the intangible asset during its development can be reliably measured by the Municipality.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.7.2 SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

1.7.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	2-5
-------------------	-----

Each item of intangible asset is amortised separately.

Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 BIOLOGICAL ASSETS

1.8.1 INITIAL RECOGNITION

Biological assets include fruit plantations and are initially recognised at fair value less costs to sell. Where fair value is indeterminable, biological assets are initially valued at cost.

1.8 BIOLOGICAL ASSETS (contd)

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

Biological assets are valued at fair value at each reporting date. Where fair value is indeterminable, biological assets are depreciated over their estimated useful lives, which are estimated as follows: -

- Plantations: 30 years

1.9 INVESTMENT PROPERTY

1.9.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held (by the owner or lessee under a finance lease) to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

1.9.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment properties (excluding land) - 15 to 30 years

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.11 INVENTORIES

1.11.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.11.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.11 INVENTORIES (cont)

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

1.12 FINANCIAL INSTRUMENTS

1.12.1 INITIAL RECOGNITION

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The Municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

1.12.2 SUBSEQUENT MEASUREMENT

1.12.2.1 INVESTMENTS

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.

- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.12.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.12 FINANCIAL INSTRUMENTS (cont)

1.12.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.12.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.12.3 IMPAIRMENT

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.14.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

1.14 LEASES (contd)

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

1.14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.15 REVENUE

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.15.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Sale of goods

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement; and

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.15 REVENUE(cont)

1.15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Public donations and contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.15.3 GOVERNMENT GRANTS, TRANSFERS AND DONATIONS

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.17 EMPLOYEE BENEFITS

1.17.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.17.2 Termination Benefits

Termination benefits are recognised when actions have been taken to indicate that the Municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.17.3 Retirement benefits

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

Post employment medical care benefits

The Municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

1.18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.19 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 VALUE ADDED TAX (VAT)

The Municipality accounts for Value Added Tax on the payments basis

1.23 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
- Present value of defined benefit obligation
- Fair value of plan assets
- Provision for doubtful debts
- Impairment of assets
- Provision for long-term service award

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of assets
- Provisions

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
2 INVENTORIES		
Consumable stores - at cost	1 503 547	1 312 821
Maintenance materials - at cost	13 206 510	12 380 673
Medicines- at realisable value	66 060	49 190
Water - at cost	37 097	15 945
	14 813 214	13 758 629

3 CONSUMER DEBTORS AND OTHER RECEIVABLES
Consumer Debtors

	Gross Balances R	Impaired debtors written off R	Net Balance R
30 June 2010			
Rates	87 749 644	74 712 871	13 036 773
Electricity	47 598 757	17 403 238	30 195 519
Water	20 938 376	18 706 966	2 231 410
Sewerage	9 374 456	8 015 104	1 359 352
Refuse	58 043 950	55 087 980	2 955 970
Interest	70 961 283	70 218 814	742 469
Total	294 666 466	244 144 973	50 521 493
Other consumer related receivable	36 485 192	33 750 543	2 734 649
Consumer and Other Receivables	331 151 658	277 895 516	53 256 142
30 June 2009			
Rates	71 877 923	59 983 407	11 894 516
Electricity	34 394 512	11 737 592	22 656 920
Water	42 721 627	40 116 600	2 605 027
Sewerage	9 124 932	7 674 499	1 450 433
Refuse	50 634 467	47 514 287	3 120 180
Interest on arrears	63 878 405	62 780 852	1 097 553
Total	272 631 866	229 807 237	42 824 629
Other	30 682 110	28 216 443	2 465 667
Consumer and Other Receivables	303 313 976	258 023 680	45 290 296

	2010	2009
	R	R
Total: Ageing		
Current (0 – 30 days)	46 215 624	36 951 827
31 - 60 Days	14 318 762	13 160 733
61 - 90 Days	11 094 675	13 521 149
+ 90 Days	223 037 405	208 998 156
Total	294 666 466	272 631 865
Rates: Ageing		
Current (0 – 30 days)	12 402 331	10 567 996
31 - 60 Days	4 683 224	3 279 739
61 - 90 Days	3 678 329	3 462 369
+ 90 Days	66 985 760	54 567 818
Total	87 749 644	71 877 922
Electricity: Ageing		
Current (0 – 30 days)	26 559 411	16 954 661
31 - 60 Days	5 246 752	3 790 083
61 - 90 Days	3 487 376	2 789 856
+ 90 Days	12 305 217	10 859 912
Total	47 598 757	34 394 512
Water: Ageing		
Current (0 – 30 days)	1 412 789	3 005 245
31 - 60 Days	868 705	2 092 952
61 - 90 Days	722 293	3 730 147
+ 90 Days	17 934 589	33 893 282
Total	20 938 376	42 721 626
Sewerage: Ageing		
Current (0 – 30 days)	917 693	1 071 482
31 - 60 Days	401 619	491 715
61 - 90 Days	372 307	313 913
+ 90 Days	7 682 837	7 247 822
Total	9 374 456	9 124 932

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
Refuse: Ageing		
Current (0 – 30 days)	3 220 423	3 148 807
31 - 60 Days	1 456 705	1 355 549
61 - 90 Days	1 250 596	1 235 908
+ 90 Days	52 116 226	44 894 204
Total	58 043 950	50 634 468
Interest: Ageing		
Current (0 – 30 days)	1 702 978	2 203 636
31 - 60 Days	1 661 756	2 150 696
61 - 90 Days	1 583 773	1 988 955
+ 90 Days	66 012 776	57 535 118
Total	70 961 283	63 878 405
Other: Ageing		
Current (0 – 30 days)	2 031 008	1 479 150
31 - 60 Days	1 193 085	650 589
61 - 90 Days	596 644	743 027
+ 90 Days	32 664 456	27 809 343
Total	36 485 192	30 682 110

Summary of Debtors by Customer Classification

	Residential	Industrial / Commercial	Government
	R	R	R
30 June 2010			
Current (0 – 30 days)	25 523 678	20 736 016	1 986 937
31 - 60 Days	9 249 985	4 471 640	1 790 222
61 - 90 Days	6 881 124	2 434 747	2 375 449
+ 90 Days	201 708 998	44 685 510	4 015 463
Sub-total	243 363 785	72 327 913	10 168 071
Less: Impairment provision			
Total debtors by customer classification	243 363 785	72 327 913	10 168 071
	Residential	Industrial / Commercial	Government
30 June 2009			
Current (0 – 30 days)	19 555 339	17 958 723	916 915
31 - 60 Days	8 582 395	4 404 620	824 308
61 - 90 Days	9 161 028	5 233 960	869 187
+ 90 Days	169 187 614	57 846 094	3 255 579
Sub-total	206 486 376	85 443 397	5 865 989
Less: Impairment provision			
Total debtors by customer classification	206 486 376	85 443 397	5 865 989

	2010	2009
	R	R
<u>Reconciliation of the impairment provision</u>		
Balance at beginning of the year	229 807 238	169 764 206
Contributions to provision	41 334 547	81 515 123
Impaired debtors written off against provision	26 996 813	21 472 091
Balance at end of year	244 144 972	229 807 238

4 OTHER RECEIVABLES

	2010	2009
	R	R
Financial	113 425 781	150 036
Conditional Grants	109 941 906	-
Deposits	171 585	150 036
Interest Recived	32 635	-
Sundry debtors	426 927	-
Suspense Account	511 828	-
Proceeds on disposal of assets : Van 's Auctioneers	2 340 900	-
Non Financial	1 260 067	887 494
Payments made in advance	1 260 067	3 600
Insurance	-	883 894
Total	114 685 848	1 037 530

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
5 VAT RECEIVABLE		
VAT receivable	80 567 322	20 303 520
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
6 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash at bank	15 840 100	567 570 351
Operating account	12 255	-
Cash on hand	47 735	41 935
	15 900 090	567 612 286
Shown on the Statement of Financial Position as: -		
Cash and cash equivalents	15 900 090	567 612 286
Bank overdrafts	82 045 108	-
	(66 145 018)	567 612 286
A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA		
The Municipality has the following bank accounts: -		
Current Account (Primary Bank Account)		
Bank: ABSA Nelspruit		
Account Number: 40-5321-5785		
Cash book balance at beginning of year	50 651 120	31 384 611
Cash book balance at end of year	(82 045 108)	50 651 120
Bank statement balance at beginning of year	56 608 129	45 144 051
Bank statement balance at end of year	21 807 841	56 608 129
Spiral Plan		
Bank: ABSA Nelspruit		
Account Number: 90-6703-3766		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	4 139	3 833
Bank statement balance at end of year	4 283	4 139
Saving Account		
Bank: ABSA Nelspruit		
Account Number: 90-6916-6741		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	1 282	1 304
Bank statement balance at end of year	1 223	1 282
Cheque Account (Housing)		
Bank: ABSA Nelspruit		
Account Number: 40-5414-9088		
Cash book balance at beginning of year	396 322	1 768 020
Cash book balance at end of year	396 632	396 322
Bank statement balance at beginning of year	396 322	1 762 196
Bank statement balance at end of year	396 632	396 322

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
Cheque Account (Capital)		
Bank: ABSA Nelspruit		
Account Number: 10-7016-6603		
Cash book balance at beginning of year	399 689	399 689
Cash book balance at end of year	399 689	399 689
Bank statement balance at beginning of year	-	330 091
Bank statement balance at end of year	-	-
Call Account (Water Deposits)		
Bank: ABSA Nelspruit		
Account Number: 90-6983-8617		
Cash book balance at beginning of year	1 307 645	1 238 712
Cash book balance at end of year	554 864	1 307 645
Bank statement balance at beginning of year	1 307 645	1 238 712
Bank statement balance at end of year	554 864	1 307 645
Call Account (Grant Funding)		
Bank: ABSA Nelspruit		
Account Number: 90-6983-9003		
Cash book balance at beginning of year	86 669	82 100
Cash book balance at end of year	88 005	86 669
Bank statement balance at beginning of year	86 669	82 100
Bank statement balance at end of year	88 005	86 669
Call Account (Service Contribution)		
Bank: ABSA Nelspruit		
Account Number: 90-7568-1173		
Cash book balance at beginning of year	23 449 105	18 443 214
Cash book balance at end of year	10 866 451	23 449 108
Bank statement balance at beginning of year	23 334 597	18 443 214
Bank statement balance at end of year	9 558 538	23 334 597
Call Account (Taxi Disaster)		
Bank: ABSA Nelspruit		
Account Number: 91-2727-3547		
Cash book balance at beginning of year	26 246	24 927
Cash book balance at end of year	26 667	26 246
Bank statement balance at beginning of year	26 246	24 927
Bank statement balance at end of year	26 667	26 246
Call Account (2010 Soccer World Cup)		
Bank: ABSA Nelspruit		
Account Number: 40-6718-4081		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
Call Account (2010 Soccer World Cup)		
Bank: ABSA Nelspruit		
Account Number: 40-6774-2380		
Cash book balance at beginning of year	226 972 492	157 957 900
Cash book balance at end of year	2 357	226 972 492
Bank statement balance at beginning of year	226 972 492	157 957 900
Bank statement balance at end of year	2 357	226 972 492
Call Account (Mbombela 2010 Host City)		
Bank: ABSA Nelspruit		
Account Number: 40-7502-7970		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	1 933 465	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	1 933 465	-
Call Account (Mbombela 2010 Fan Park Operator)		
Bank: ABSA Nelspruit		
Account Number: 40-7611-2661		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	420 187	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	420 187	-
Cheque Account (White River Disaster Fund)		
Bank: ABSA Nelspruit		
Account Number: 40-5141-9472		
Cash book balance at beginning of year	22 816	22 816
Cash book balance at end of year	22 816	22 816
Bank statement balance at beginning of year	24 412	22 815
Bank statement balance at end of year	25 114	24 412
Call Account (Lottery Distribution Trust Fund Mbombela)		
Bank: ABSA Nelspruit		
Account Number: 40-6858-1426		
Cash book balance at beginning of year	1 100 000	-
Cash book balance at end of year	1 128 966	1 100 000
Bank statement balance at beginning of year	1 100 000	-
Bank statement balance at end of year	1 128 966	1 100 000
Cheque Account (Stadsraad van NST)		
Bank: ABSA Nelspruit		
Account Number: 10-7000-0209		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
Credit Card		
Bank: ABSA Nelspruit		
Account Number: 4550-1900-2824-5012		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	(30)	-

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
Fleet Card		
Bank: ABSA Nelspruit		
Account Number: 7082-8310-0011-1728		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	(18 632)	-
Call Deposit		
Bank: Nedbank , Domestic Treasury		
Account Number: 03 / 7881030909 / 000003		
Cash book balance at beginning of year	10 990 902	
Cash book balance at end of year	11 741 844	-
Bank statement balance at beginning of year	10 990 902	
Bank statement balance at end of year	11 741 844	-
A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA		
Cheque Account		
Bank: ABSA, Prime Link Account		
Account Number: 40-6653-7243		
Cash book balance at beginning of year	101 820 049	
Cash book balance at end of year	12 254	-
Bank statement balance at beginning of year	101 820 049	
Bank statement balance at end of year	12 254	-
Cash on hand		
Petty Cash	47 735	41 935
Total cash on hand	47 735	41 935
7 PROPERTY, PLANT AND EQUIPMENT		
7.1 FINANCE LEASE ASSETS		
	Other Assets	Total
	R	R
Reconciliation of Carrying Value		
30 June 2010		
Carrying values at beginning of the year	-	-
Cost/Revaluation	-	-
Accumulated depreciation and impairment losses	-	-
Acquisitions	444 086	444 086
Capital under Construction	-	-
Depreciation	(86 350)	(86 350)
Carrying values at the end of the year	357 736	357 736
Cost/Revaluation	444 086	444 086
Accumulated depreciation and impairment losses	86 350	86 350
	Other Assets	Total
	R	R
Reconciliation of Carrying Value		
30 June 2009		
Carrying values at beginning of the year	-	-
Cost/Revaluation	-	-
Accumulated depreciation and impairment losses	-	-
Acquisitions	-	-
Capital under Construction	-	-
Depreciation	-	-
Carrying values at the end of the year	-	-
Cost/Revaluation	-	-
Accumulated depreciation and impairment losses	-	-
Refer to Appendix B for more detail on property, plant and equipment		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7 PROPERTY, PLANT AND EQUIPMENT

7.2 OWNED ASSETS:

**Reconciliation of Carrying Value
30 June 2010**

	Land & Buildings R	Infrastructure R	Community R	Heritage R	Other Assets R	Total R
Carrying values at beginning of the year	219 063 970	3 976 513 784	928 426 081	-	41 968 761	5 165 972 596
Cost/Revaluation	254 595 617	4 580 123 590	940 088 275	-	106 186 686	5 880 994 167
Accumulated depreciation and impairment losses	(35 531 646)	(603 609 806)	(11 662 194)	-	(64 217 924)	(715 021 571)
 Acquisitions	 -	 240 481 247	 323 696 261	 -	 64 919 884	 629 097 392
Capital under Construction	9 962 399	158 695 904	17 528 394	-	3 086 970	189 273 667
 Depreciation	 (5 026 705)	 (268 420 326)	 (3 135 451)	 -	 (8 298 721)	 (284 881 203)
 Carrying value of disposals	 -	 -	 -	 -	 3 624 721	 3 624 721
Cost/Revaluation	-	-	-	-	10 879 192	10 879 192
Accumulated depreciation and impairment losses	-	-	-	-	(7 254 471)	(7 254 471)
 Carrying values at the end of the year	 223 999 664	 4 107 270 609	 1 266 515 285	 -	 98 052 173	 5 695 837 731
Cost/Revaluation	264 558 016	4 979 300 741	1 281 312 930	-	163 314 347	6 688 486 033
Accumulated depreciation and impairment losses	(40 558 352)	(872 030 132)	(14 797 645)	-	(65 262 174)	(992 648 302)

**Reconciliation of Carrying Value
30 June 2009**

	Land & Buildings R	Infrastructure R	Community R	Heritage R	Other Assets R	Total R
Restated Carrying values at beginning of the year	213 139 071	4 029 442 798	509 859 339	-	26 246 257	4 778 687 465
Cost/Revaluation	87 798 922	968 280 901	462 168 407	78 904	104 235 949	1 622 563 083
Correction of error 25 (Unbundling of Asset, implementation of GRAP 17)	152 885 186	3 331 617 769	53 512 565	(77 918)	(13 454 100)	3 524 483 502
Accumulated depreciation and impairment losses	(27 545 037)	(270 455 872)	(5 821 633)	(986)	(64 535 592)	(368 359 120)
 Acquisitions	 11 607 543	 215 354 541	 421 628 923	 -	 19 620 070	 668 211 077
Capital under Construction	10 842 543	75 636 746	1 964 482	-	19 616 805	108 060 576
	765 000	139 717 795	419 664 441	-	3 265	560 150 501
 Depreciation	 4 725 286	 267 153 663	 3 062 181	 -	 3 897 566	 278 838 697
 Carrying value of disposals	 957 358	 1 129 891	 -	 -	 -	 2 087 249
Cost/Revaluation	1 446 247	1 602 493	-	-	-	3 048 740
Accumulated depreciation and impairment losses	(488 889)	(472 602)	-	-	-	(961 491)
 Carrying values at the end of the year	 219 063 970	 3 976 513 784	 928 426 081	 -	 41 968 761	 5 165 972 596
Cost/Revaluation	254 595 617	4 580 123 590	940 088 275	-	106 186 686	5 880 994 167
Accumulated depreciation and impairment losses	(35 531 646)	(603 609 806)	(11 662 194)	-	(64 217 924)	(715 021 571)

Refer to Appendix B for more detail on property, plant and equipment

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8 INTANGIBLE ASSETS

**Reconciliation of carrying value
30 June 2010**

	Computer Software R	Servitudes R	Total R
Carrying values at beginning of the year	318 028	2 670 909	2 988 937
Cost	4 063 361	2 670 909	6 734 270
Accumulated amortisation and impairment losses	(3 745 333)	-	(3 745 333)
Acquisitions	451 733	-	451 733
Amortisation	(144 457)	-	(144 457)
Carrying values at the end of the year	625 303	2 670 909	3 296 212
Cost	4 515 094	2 670 909	7 186 003
Accumulated amortisation and impairment losses	(3 889 791)	-	(3 889 791)

**Reconciliation of carrying value
30 June 2009**

	Computer Software R	Servitudes R	Total R
Carrying values at beginning of the year	974 111	657 000	1 631 111
Cost	-	-	-
Correction of error	974 111	657 000	1 631 111
Acquisitions	132 120	2 013 909	2 146 029
Amortisation	788 204	-	788 204
Carrying values at the end of the year	318 028	2 670 909	2 988 937
Cost	4 063 361	2 670 909	6 734 270
Accumulated amortisation and impairment losses	(3 745 333)	-	(3 745 333)

9 INVESTMENT PROPERTIES

Reconciliation of carrying value

	2010 R	2009 R
Carrying values at beginning of the year	91 839 885	94 774 992
Cost	95 036 487	-
Correction of error	-	94 774 992
Accumulated depreciation and impairment losses	(3 196 602)	-
Depreciation	(2 935 107)	(2 935 107)
Carrying values at the end of the year	88 904 778	91 839 885
Cost	95 036 487	95 036 487
Accumulated depreciation and impairment losses	(6 131 709)	(3 196 602)

10 BIOLOGICAL ASSETS

Reconciliation of carrying value

	2010 R	2009 R
Carrying values at beginning of the year	94 770	110 565
Cost	110 565	-
Correction of error	-	110 565
Accumulated depreciation and impairment losses	(15 795)	-
Depreciation	15 795	15 795
Carrying values at the end of the year	78 975	94 770
Cost	110 565	110 565
Accumulated depreciation and impairment losses	(31 590)	(15 795)

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
11 POST RETIREMENT HEALTH CARE EMPLOYEE BENEFITS		
<p>The Municipality provides certain post-retirement health care benefits to staff. These health care benefits are unfunded. It was impracticable to obtain certain comparative information for the 2009 financial year and as a result comparative information is not complete.</p>		
11.1 Medical Aid Benefits Expense		
Current service cost	7 455 000	Not available
Interest on benefit obligation	6 853 000	
Expected employer benefits	(1 994 000)	
Net post retirement health care benefit expense	12 314 000	
<p>The Medical Aid Benefit expense is included in employee remuneration.</p>		
	2010	2009
	%	%
11.2 Assumptions for actuarial valuation		
<p>The assumptions made for the actuarial valuation as at 30 June were as follows: -</p>		
Expected medical aid benefit increases	7.75	Not available
Discount rate	9.25	Not available
Salary inflation	7.25	Not available
Expected retirement age (years)	60	Not available
<p>A one percentage change in the assumed rate of increase of medical aid benefits would have the following effect:</p>		
	Decrease	Increase
	R	R
2010		
Health cost inflation effect on the current service cost	12 949 000	20 003 000
Health cost inflation effect on the defined benefit obligation	78 525 000	112 751 000
Salary inflation effect on the health care benefit obligation	91 612 000	95 344 000
Discount rate effect on the health care benefit obligation	115 375 000	77 830 000
Retirement age effect on the health care benefit obligation	99 176 000	89 007 000
	2010	2009
	R	R
11.3 Post-retirement Health Care Benefit Obligation		
Present value of defined obligation (refer 11.4 below)	93 911 000	81 597 000
Net Post-retirement Health Care Benefit Obligation	93 911 000	81 597 000
11.4 Changes in post-retirement Health Care Benefits Obligation		
<p>Changes in the present value of the defined benefit obligation are as follows: -</p>		
Balance at beginning of the year	81 597 000	Not available
Current service cost	7 455 000	Not available
Interest on benefit obligation	6 853 000	Not available
Expected employer benefits	(1 994 000)	Not available
Balance at end of year	93 911 000	81 597 000
<p>Disclosed in the Statement of Financial Position as follows:</p>		
Non-current portion	91 848 000	79 603 000
Current portion	2 063 000	1 994 000
Total Post-retirement Health Care Obligation	93 911 000	81 597 000
12 INVESTMENTS		
Held to maturity Investments		
Fixed Deposits	22 105 984	20 017 418
Less Fixed Term portion	-	-
Total Held to Maturity Investments	22 105 984	20 017 418
<p>A fixed deposit amounting to R2 476 512 has been invested with INCA Bank as security</p>		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
13 BORROWINGS		
Local Registered Stock Loans	11 903 000	11 903 000
Annuity Loans	46 070 128	53 856 304
Government Loans : Other	-	-
Other borrowings	-	-
	57 973 128	65 759 304
Less : Current portion transferred to current liabilities	20 442 166	7 789 175
Local Registered Stock Loans	3 000	3 000
Annuity Loans	20 439 166	7 786 175
Government Loans : Other	-	-
Other borrowings	-	-
Total borrowings	37 530 962	57 970 129
Refer to Appendix A for more detail on borrowings.		
Certain investments have been pledged as security for borrowings as indicated in note 12.		
14 FINANCE LEASE LIABILITY		
30 June 2010	Minimum lease payment	Future finance charges
Amounts payable under finance leases	R	R
Within one year	194 243	38 111
Within two to five years	253 192	21 522
	447 435	59 632
Less: Amount due for settlement within 12 months (current portion)		156 132
		231 670
30 June 2009	Minimum lease payment	Future finance charges
Amounts payable under finance leases	R	R
Within one year	64 216	8 178
Within two to five years	4 897	141
	59 319	8 037
Less: Amount due for settlement within 12 months (current portion)		56 038
		4 756
	2010	2009
	R	R
15 CONSUMER DEPOSITS		
NON-CURRENT		
Electricity and Water	9 169 977	9 017 966
Accrued interest	-	-
CURRENT		
Electricity and Water	1 859 900	1 642 315
Accrued interest	-	-
Total consumer deposits	11 029 877	10 660 281
No interest is paid on consumer deposits. The nominal value of consumer deposits is R 16 954 312 (2009 : R16 228 213).		
Guarantees held in lieu of Electricity and Water Deposits	1 662 410	1 762 410
16 OTHER LIABILITIES		
Consumer debt - Vat Liability	18 558 479	17 831 957
Service contributions: Water	4 627 749	
Service contributions: Sewerage	3 476 534	
Sundry Deposits	1 065 434	
Amounts paid in advance	28 235 982	29 861 541
Suspense accounts	12 159 621	
Total Other Liabilities	68 123 799	47 693 498

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
17 PROVISIONS		
Provision for rehabilitation of landfill sites	1 200 000	1 090 910
Provision for long-service awards	3 915 078	3 317 000
Total Provisions	5 115 078	4 407 910
<p>The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the obligation to rehabilitate the landfill sites using a projected inflation rate of 10% per annum.</p> <p>The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover and has been determined by an actuary.</p> <p>The movement in the non-current provision is reconciled as follows: -</p>		
Provision for rehabilitation of landfill sites:		
Balance at the beginning of year	1 090 910	991 736
Increase in provision due to discounting	109 090	99 174
Balance at the end of year	1 200 000	1 090 910
Provision for long-service awards:		
Balance at the beginning of year	3 317 000	3 317 000
Contributions to provision	833 000	-
Expenditure incurred	(234 922)	-
Balance at the end of year	3 915 078	3 317 000
18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent Conditional Government Grants-Capital	129 925 677	409 136 092
MIG Grant	77 514 343	3 596 400
DWAF	15 067 937	20 250 451
PTIS Grant	-	138 775 866
DME	13 246 551	13 534 487
Department of Housing	396 620	396 322
2010 World Cup Stadium	-	176 451 393
Department of Agriculture and Land Affairs	4 040 000	-
2010 Soccer World Cup (Province)	-	48 000 000
S.A National Roads Agency	-	6 245 684
Department of Roads & Transport	1 229 516	1 885 490
DME (Demand Side Management)	7 117 790	-
MP Housing Department (Phumlani Projects)	2 366 364	-
NDPG Grant	8 941 000	-
ICT Library Grant	5 557	-
Unspent Conditional Government Grants-Operating	7 705 876	1 395 573
Finance Management Grant	532 011	697 941
Municipal Systems Improvement Grant (MSIG)	610 401	52 273
Municipal Support Programme	95 819	137 219
Provincial Finance Mananagement Grant	-	56 891
Revenue Enhancement programme	97 282	111 238
SETA Grant	-	313 765
2010 Host City Operating Grant	5 212 325	-
Provincial Grants	26 667	26 247
National Lottery Grant	1 131 370	-
Total Unspent Conditional Grants and Receipts	137 631 553	410 531 665
Unspent Public Contributions		
HL Halls & Sons	3 653 136	3 653 136
Total Unspent Public Contributions	3 653 136	3 653 136
Total unspent conditional government grants and public contributions	141 284 689	414 184 801
19 TRADE AND OTHER PAYABLES		
Trade creditors	148 556 371	64 181 267
Retentions	34 733 337	17 104 431
Accrued Staff Leave	18 737 824	15 180 722
Accrued Bonusses	6 050 816	-
Motor Vehicle Licenses Province	4 110 513	-
Suspense Accounts:	-	19 804 416
- Bank Reconciliation	5 700 000	-
- Consumer Debtors and Unkown Deposits	-	355 345
- Job Costing	-	3 303 211
Trust Fund	-	606 165
Other creditors	165 846	10 585 313
Total creditors	218 054 707	131 120 870
The fair value of trade and other payables approximates their carrying amounts.		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
20 DEFERRED REVENUE		
Delta EMD	769 139	769 139
Total deferred revenue	769 139	769 139
<p>This is an advance payment by Delta EMD for the development of a landfill site. Delta EMD will receive preferential pricing on the use of the landfill site. This amount is therefore treated as deferred revenue.</p>		
21 PROPERTY RATES		
Actual		
Residential	69 860 978	56 613 434
Commercial	91 632 424	78 421 308
Agricultural	2 283 142	3 094 791
Government	16 204 556	17 276 307
Other	7 211 258	-
Total	187 192 358	155 405 840
Property rates - penalties imposed and collection charges	-	-
Total property rates	187 192 358	155 405 840
Valuations		
Residential	20 731 971 656	870 211 631
Commercial	9 365 887 105	480 531 178
Government	880 406 017	59 679 500
Municipal	1 290 113 703	511 457 169
Agriculture	5 909 691 007	568 789 000
Other	1 062 682 906	-
Total Property Valuations	39 240 752 394	2 490 668 478
<p>Valuations on land and buildings are performed every four years. The last valuation compiled in compliant with the Municipal Property Rates Act, 2004 came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.</p> <p>A general rate of R0.006452(2009:R0.4429) is applied to property valuations to determine assessment rates. Various rebates are granted to residential, business, agricultural and other properties and/or categories of owners in terms of the approved Property Rates By-Law. A compulsory phasing-in discount is applied on all newly rateable properties in terms of section 21 of the Municipal Property Rates Act, 2004. Rates are levied on a monthly basis on property owners. Interest at 15.1 % per annum(2009:16.5%) is levied on outstanding rates.</p>		
22 SERVICE CHARGES		
Sale of electricity	328 996 570	227 314 368
Sale of water	18 175 602	18 427 793
Refuse removal	41 860 556	38 305 600
Sewerage and sanitation charges	12 657 152	12 886 179
Total Service Charges	401 689 880	296 933 940
23 FINANCE INCOME		
Cash and cash equivalent and investments	16 389 721	41 267 409
Outstanding consumer debtors	20 765 102	30 810 293
Discounting	-	-
Total Finance income	37 154 824	72 077 702
24 GOVERNMENT GRANTS AND SUBSIDIES		
Capital Grants		
Municipal Infrastructure Grant	54 185 768	71 655 800
Water Services Grant	14 078 027	-
DME	22 186 641	35 785 513
2010 World Cup Stadium	191 206 393	371 967 808
2010 Soccer World Cup (Province)	48 000 000	-
Public Transport Infrastructure Services	185 646 214	103 915 580
DWAF: 2010 Water and Sanitation	8 768 749	8 178 929
Library ICT Capital Grant	184 859	62 150
EPWP Grant	740 903	-
S.A National Roads Agency	6 245 684	-
Department of Roads and Transport	655 973	-
DME : Electricity Demand Side Management	4 982 210	-
Department of Housing	3 394 427	-
NDPG Grant	35 000	-
Total Government Grant and Subsidies (Capital)	540 310 848	591 565 780

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
Operating Grants		
Equitable Share	198 405 906	151 160 410
Municipal Systems Improvement Grant	741 872	735 000
Finance Management Grant	915 930	500 000
Water Services Grant	33 146 000	26 548 000
Municipal Infrastructure Grant (Operating projects)	7 989 290	-
2010 Host City Operating Grant	50 604 758	-
SETA Grant	940 302	855 036
PTIS (Public Transport Plan 2010)	101 394 276	-
Office of the Premier : Chile base camp	748 239	-
Electrification Programme Grant	1 895 296	-
DWAF: National Water week	578 410	-
Other Provincial : Library ICT Operating Grant	259 584	-
Other Provincial : Finance Management Grant	56 891	-
Other Provincial : Municipal Support Programme Grant	41 400	-
Other Provincial : Revenue Enhancement Grant	13 957	-
Other Provincial Department of Housing : Low cost Housing (Masoyi PHP)	6 032	-
Total Government Grant and Subsidies (Operating)	397 738 141	179 798 446
Total Government grants and subsidies (Operating and Capital)	938 048 990	771 364 226
Equitable Share	198 405 905	151 160 410
This grant is unconditional and is partially utilised for the indigent support through free basic services.		
Finance Management Grant		
Balance unspent at beginning of year	697 941	1 449 008
Current year receipts	750 000	500 000
Conditions met – transferred to revenue	-915 930	-1 251 067
Unspent amount transferred to liabilities (See Note 18)	532 011	697 941
The grant was used for the financial management internship and reforms programmes. The conditions of the grant were met.		
Municipal Systems Improvement Grant		
Balance unspent at beginning of year	52 273	480 031
Current year receipts	1 300 000	735 000
Conditions met – transferred to revenue	(741 872)	(1 162 758)
Unspent amount transferred to liabilities (See Note 18)	610 401	52 273
This grant was used to fund the Municipal Property Rates Rates Implementation process, Asset Management, Upgrade of financial system and Municipal properties verification. The conditions of the grant were met.		
SETA Grant		
Balance unspent at beginning of year	313 765	1 065 631
Adjustment - previous year	-	(271 813)
Current year receipts	-	855 036
Conditions met – transferred to revenue	(313 765)	(1 335 090)
Unspent amount transferred to liabilities (See Note 18)	-	313 765
Refund on Skills Development Levy - not to be recognised as a conditional grant		
Water Services Grant		
Balance unspent at beginning of year	20 250 451	1 197 451
Current year receipts	27 712 262	26 048 000
Conditions met – transferred to revenue	(22 846 776)	(8 178 929)
Transfer to operating	(10 048 000)	1 183 929
Unspent amount transferred to liabilities (See Note 18)	15 067 937	20 250 451
This grant was used to fund the operating expenses for the water schemes transferred to the municipality by DWAF. The conditions of the grant were met.		
2010 Host City Operating Grant		
Balance unspent at beginning of year	-	-
Current year receipts	55 845 626	-
Conditions met – transferred to revenue	(50 604 758)	-
Unspent amount transferred to liabilities (See Note 18)	5 240 868	-
This grant was used to fund operating expenses for primary health care, service rendered on behalf of the provincial government.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	3 596 400	15 416 812
Current year receipts	136 093 000	62 212 000
Conditions met – transferred to revenue	(54 185 768)	(71 655 800)
Other adjustments : transferred to operating	(7 989 290)	(2 376 612)
Unspent amount transferred to liabilities (See Note 18)	77 514 343	3 596 400
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The amount transferred to operating relates to electrification projects and VIP toilets which does not meet the criteria definition of a capital assets hence service delivery was done		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
PTIS (Public Transport Plan 2010)		
Balance unspent at beginning of year	138 775 865	47 147 446
Current year receipts	50 833 000	170 544 000
Conditions met – transferred to revenue	(185 646 214)	(78 915 580)
Other adjustments : transferred to operating	(101 394 276)	-
Unspent amount transferred to (receivables)/liabilities	<u>(97 431 625)</u>	<u>138 775 866</u>

The grant was used to construct new and improve existing public transport and non-motorised transport infrastructure for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.

Electrification Programme Grant		
Balance unspent at beginning of year	13 534 487	(837 794)
Current year receipts	23 794 000	49 320 000
Conditions met – transferred to revenue	(22 186 641)	35 785 513
Other adjustments : transferred to operating	(1 895 296)	837 794
Unspent amount transferred to liabilities (See Note 18)	<u>13 246 551</u>	<u>13 534 487</u>

The grant was utilised to instal electricity infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld. The electrification of households expenditure was transferred to operating expenditure as it is not Council 's assets

2010 World Cup Stadium		
Balance unspent at beginning of year	176 451 394	157 881 973
Current year receipts	2 489 022	390 537 229
Conditions met – transferred to revenue	(191 206 393)	(371 967 808)
Unspent amount transferred to receivables	<u>(12 265 977)</u>	<u>176 451 394</u>

The grant was utilised in the construction of a stadium for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.

Other Provincial Grants		
Balance unspent at beginning of year	727 916	9 248 488
Current year receipts	456 752	504 856
Conditions met – transferred to revenue (Operating Library ICT)	(259 584)	(2 538 495)
Conditions met – transferred to revenue (Operating Financial Management)	(56 891)	-
Conditions met – transferred to revenue (Operating Municipal Support)	(41 400)	-
Conditions met – transferred to revenue (Operating Revenue Enhancement)	(13 957)	-
Conditions met – transferred to revenue (Operating Provincial Housing)	(6 032)	-
Conditions met – transferred to revenue (Capital Library ICT)	(184 859)	(62 150)
Other adjustments		(6 424 784)
Unspent amount transferred to liabilities (See Note 18)	<u>621 944</u>	<u>727 916</u>

The grants were utilised for various projects as set out in the conditions of the Grants

Department of Agriculture and Land Affairs		
Balance unspent at beginning of year	-	-
Current year receipts	4 040 000	-
Conditions met – transferred to revenue	-	-
Unspent amount transferred to liabilities (See Note 18)	<u>4 040 000</u>	<u>-</u>

The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.

Ehlanzeni District Municipality		
Balance unspent at beginning of year	-	894 200
Current year receipts	-	20
Conditions met – transferred to revenue	-	-
Other adjustments	-	(894 220)
Unspent amount transferred to liabilities (See Note 18)	<u>-</u>	<u>-</u>

The grant was used to construct roads and water infrastructure. The conditions of the grant were met and no funds have been withheld.

Sport		
Balance unspent at beginning of year	-	1 940
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Other adjustments	-	(1 940)
Unspent amount transferred to liabilities (See Note 18)	<u>-</u>	<u>-</u>

The grant was used to construct Nsikasi Sports Stadium. The conditions of the grant were met and no funds have been withheld.

LED		
Balance unspent at beginning of year	-	16 929
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Other adjustments	-	(16 929)
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>

The grant was used to promote SMME businesses within the municipal area in accordance with an approved business plan. The conditions of the grant were met.

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
2010 SOCCER WORLD CUP (PROVINCE)		
Balance unspent at beginning of year	48 000 000	-
Current year receipts	-	48 000 000
Conditions met – transferred to revenue	(48 000 000)	-
Other adjustments	-	-
Unspent amount transferred to liabilities (See Note 18)	-	48 000 000
The grant was utilised to co-fund the construction of a stadium for the 2010 World Cup. The conditions of the grant were met.		
S.A National Roads Agency		
Balance unspent at beginning of year	6 245 684	-
Current year receipts	-	6 245 684
Conditions met – transferred to revenue	(6 245 684)	-
Other adjustments	-	-
Unspent amount transferred to liabilities (See Note 18)	-	6 245 684
The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.		
Department of Roads and Transport		
Balance unspent at beginning of year	1 885 490	-
Current year receipts	-	1 885 490
Conditions met – transferred to revenue	(655 974)	-
Other adjustments	-	-
Unspent amount transferred to liabilities (See Note 18)	1 229 516	1 885 490
The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.		
EPWP Grant		
Balance unspent at beginning of year	496 600	-
Current year receipts	-	-
Conditions met – transferred to revenue	(740 903)	-
Other adjustments	-	-
Unspent amount transferred to liabilities (See Note 18)	(244 303)	-
The grant is used fund labour intensive projects. The project is in process at 30 June 2010.		
DME (Demand Side Management)		
Balance unspent at beginning of year	-	-
Current year receipts	12 100 000	-
Conditions met - transferred to revenue	(4 982 210)	-
Conditions still to be met - remain liabilities	7 117 790	-
Unspent amount transferred to liabilities (See Note 18)	7 117 790	-
MP HOUSING DEPARTMENT (PHUMLANI PRJOJECTS)		
Balance unspent at beginning of year	-	-
Current year receipts	3 000 000	-
Conditions met - transferred to revenue	(633 636)	-
Unspent amount transferred to liabilities (See Note 18)	2 366 364	-
The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.		
NDPG Grant		
Balance unspent at beginning of year	-	-
Current year receipts	8 976 000	-
Conditions met - transferred to revenue	(35 000)	-
Unspent amount transferred to liabilities (See Note 18)	8 941 000	-
Grant to be utilised for the re-development in former R 293 towns. The project is in progress at 30 June 2010		
NATIONAL LOTTERY GRANT		
Balance unspent at beginning of year	-	-
Current year receipts	1 128 966	-
Conditions met - transferred to revenue	-	-
Unspent amount transferred to liabilities (See Note 18)	1 128 966	-
Grant to be utilised for Sports Development programmes. The conditions of the gant has not been met.		
PUBLIC CONTRIBUTIONS - HL HALLS & SONS		
Balance unspent at beginning of year	3 653 136	-
Current year receipts	-	3 653 136
Conditions met – transferred to revenue	-	-
Other adjustments	-	-
Unspent amount transferred to liabilities (See Note 18)	3 653 136	3 653 136
The grant to be used for co-funding a specific development project. The project is in process at 30 June 2010.		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
25 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	187 566 501	153 776 750
Employee related costs - Contributions for UIF, pensions and medical aids	50 298 879	41 357 190
Travel, motor car, accommodation, subsistence and other allowances	30 200 682	12 249 465
Housing benefits and allowances	2 432 219	6 996 148
Overtime payments	19 573 892	28 020 419
Performance and other bonuses	-	-
Long-service awards	833 000	241 656
Post retirement medical benefits	12 314 000	-
Total Employee Related Costs	303 219 173	242 641 628

There were no advances to employees / loans to employees

EMPLOYEE RELATED COSTS(cont)

Remuneration of the Municipal Manager

Annual Remuneration	462 807	620 672
Performance- and other bonuses	0	-
Vehicle & Other Allowances	92 688	123 584
Contributions to UIF, Medical and Pension Funds	136 066	176 909
Total	691 562	921 166

Remuneration of the Deputy Municipal Manager

Annual Remuneration	511 701	520 647
Performance- and other bonuses	-	-
Vehicle & Other Allowances	126 729	194 358
Contributions to UIF, Medical and Pension Funds	158 610	150 248
Total	797 040	865 253

Remuneration of the Chief Finance Officer

Annual Remuneration	554 902	590 351
Performance- and other bonuses	0	-
Vehicle & Other Allowances	73 091	102 443
Contributions to UIF, Medical and Pension Funds	147 093	151 576
Total	775 085	844 370

Remuneration of Individual General Managers

	Technical Services R'000	Corporate Services R'000	Community Services R'000
2010			
Annual Remuneration	452 454	428 094	414 654
Performance- and other bonuses	-	-	-
Vehicle & Other Allowances	132 807	110 707	156 000
Contributions to UIF, Medical and Pension Funds	101 079	147 539	115 686
Total	686 340	686 340	686 340
2009			
Annual Remuneration	453 952	439 191	424 650
Performance- and other bonuses	-	-	-
Vehicle & Other Allowances	139 869	117 769	202 712
Contributions to UIF, Medical and Pension Funds	98 653	135 546	110 575
Total	692 474	692 506	737 937

The remuneration amounts declared for the Municipal Manager and Managers reporting directly to the Municipal Manager have reduced for the 2009/10 financial year due to backpay on cost of living increases paid during 2008/09.

26 REMUNERATION OF COUNCILLORS

Executive Mayor	557 425	578 634
Deputy Executive Mayor	274 502	266 067
Speaker	289 528	222 168
Executive Committee Members	1 303 363	775 493
Councillors	7 121 248	6 609 195
Councillors' pension and medical aid contributions	1 677 253	1 521 642
Councillors' allowances	4 381 660	3 837 618
Total Councillors' Remuneration	15 604 980	13 810 817

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has allocated staff towards transport and protection.

Council provides security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost of the Council.

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
27 DEPRECIATION AND AMORTISATION		
Property, plant and equipment	284 967 553	278 838 697
Intangible assets	144 457	788 204
Investment property carried at cost	2 935 107	2 935 107
Biological assets	15 795	15 795
Total Depreciation and Amortisation	288 062 912	282 577 803
28 FINANCE COSTS		
Borrowings	8 290 741	9 478 085
Deferred Settlements terms	4 569 868	1 939 789
Provisions	109 090	99 174
Total Finance Costs	12 969 700	11 517 049
29 BULK PURCHASES		
Electricity	215 222 264	166 807 304
Water	1 127 790	4 791 949
Total Bulk Purchases	216 350 053	171 599 253
30 CONTRACTED SERVICES		
Contracted services for:		
2010 related professional services	68 923 403	8 247 093
Formalisation and Township Development	7 176 353	11 564 586
Household electrification & sanitation projects	11 659 102	20 101 044
Water purification and distribution	21 427 403	23 362 929
IT Services	12 228 086	9 984 514
Meter reading services	3 213 089	990 780
Solid Waste Services	19 332 171	11 940 497
Security Services	7 215 165	4 669 524
Other services	18 323 791	4 340 569
Total Contracted Services	169 498 563	95 201 536
31 GRANTS AND SUBSIDIES PAID		
Grant to SPCA for animal care	256 000	198 126
Total Grants and Subsidies Paid	256 000	198 126
32 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	733 827	526 886
Agency prepaid commission	1 191 929	787 173
Audit fees	2 386 998	1 486 767
Bank charges	1 161 106	881 862
Bursaries	910 703	425 337
Chemicals	984 015	882 312
Cleansing hawkers Stalls	29 300	-
Conferences and delegations	455 814	242 276
Consultation and Development	1 152 066	1 359 703
Clearing Illegal dumping	608 307	-
Drivers Licence cards	957 719	885 394
Entertainment	261 178	532 573
Free Basic Water	6 700 000	6 700 000
Free Basic Electricity	1 330 607	1 077 365
Financial management grant	915 948	500 000
HIV /Aids programme	193 678	31 947
Insurance	3 794 820	9 463 226
Legal costs	3 459 775	2 965 632
Marketing	1 858 289	1 329 834
Public Participation	990 827	1 040 700
Public Transport Operational Plan Grant (Operating projects)	95 027 745	-
Public Transport Operational Plan Grant : Satelite Parking and Public Transport	5 994 702	-
Medical set members	1 799 581	1 488 733
Membership fees	1 585 151	1 006 466
Postage	1 595 217	1 195 137
Printing and stationery	2 995 580	2 495 090
Recruiting and Selection	386 939	659 678
Rental of office equipment	482 623	405 185
Rental of telephone system	736 136	1 335 395
Rental of Trucks	1 160 053	2 353 773
Skills development levies	2 236 113	1 915 640
Sewerage : Silulumanzi	1 298 008	1 583 511
Telephone	5 062 758	3 343 511
Training	804 053	1 335 090
Travel and subsistence	3 905 116	3 191 700
Ward committees	453 979	134 556
Valuation roll costs	2 632 227	10 436 903
Other	47 006 707	33 636 025
Total General Expenses	205 239 591	97 635 380

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
33 LOSS ON DISPOSAL OF ASSETS		
Property, plant and equipment	(1 195 207)	(37 213)
Total Loss on Disposal of Assets	(1 195 207)	(37 213)
34 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	238 940 715	248 022 983
Adjustment for:-		
Non-cash items:	-	-
(Gain) / loss on sale of assets	1 195 207	37 213
Contribution to provisions - non-current	13 021 168	4 407 910
Depreciation and amortisation	288 062 912	282 577 803
Previous year adjustments	502 577 289	502 577 289
Impairment loss / (reversal of impairment loss)	51 062 666	101 931 037
Cash items		
Finance costs	12 969 700	11 517 049
Finance Income	(37 154 824)	(72 077 702)
Operating surplus before working capital changes:	568 097 544	1 078 993 582
Increase in inventories	(1 054 585)	(352 942)
Increase in trade receivables	(59 028 512)	(96 192 508)
(Increase)/decrease in other receivables	(113 648 318)	18 492 049
(Increase)/decrease in VAT	(60 263 802)	956 525
(Decrease)/increase in conditional grants and receipts	(272 900 112)	180 194 657
Increase/(decrease) in trade payables	86 933 837	(15 265 386)
Increase/(decrease) in consumer deposits	369 595	(4 453 150)
Increase in other liabilities	20 430 301	47 693 498
Cash generated by/(utilised in) operations	168 935 948	1 210 066 325
35 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	15 900 090	567 612 286
Bank overdrafts	(82 045 108)	-
Net cash and cash equivalents (net of bank overdrafts)	(66 145 018)	567 612 286
36 CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP 17:		
Property, plant and equipment		
Balance previously reported:	(1 254 203 957)	
Valued at cost and fair value of property, plant and equipment	4 780 280 541	
Reversal of GRAP error from previous year	(19 030 131)	
Total	3 507 046 453	
Credited to accumulated surplus		3 507 046 453
Investment Property		
Balance previously reported	-	
Implementation of GRAP		
Cost/fair value of investment property	91 839 885	
Total	91 839 885	
Credited to accumulated surplus		91 839 885
Intangible assets		
Balance previously reported -	-	
Implementation of GRAP		
Cost/fair value of intangible assets	2 988 937	
Total	2 988 937	
Credited to accumulated surplus		2 988 937
Biological assets		
Balance previously reported -	-	
Implementation of GRAP		
Cost/fair value of biological assets	94 770	
Total	94 770	
Credited to accumulated surplus		94 770
Accumulated Surplus/(Deficit)		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
Fair value of property, plant and equipment previously not recorded		3 507 046 453
Fair value of investment property previously not recorded		91 839 885
Fair value of intangible assets previously not recorded		2 988 937
Fair value of biological assets previously not recorded		94 770
Total	-	3 601 970 045

37 CORRECTION OF ERROR

The net surplus for the year has been adjusted by the following errors:-

Annual insurance premium expensed on payment rather than apportioned between insurance expenses and insurance prepaid. Insurance prepayment adjustment made in the 2009 financial year.	(883 894)
Reversal of audit fee accrual incorrectly raised in the year ended 30 June 2009	(1 329 042)
VIP toilets incorrectly capitalised in the previous year now expensed	39 912 723
Reallocation of amount to accumulated surplus that was previously recognised as water service trust fund liability.	(86 669)
Amounts received from SETA that should have been accrued in previous year	(313 764)
Depreciation adjustment due to unbundling of property, plant and equipment	281 789 599
Amortisation of intangible assets	788 204
Output VAT incorrectly accrued on agency fee revenue collections	3 540 793
Prescribed Penalties and Vat	(201 989)
Prescribed retention and guarantees	(25 000)
Unwinding of Interest on retention	270 750
Correction of a debtor incorrectly raised - GNUC inventory	277 559

Net effect on surplus

323 739 271

The opening accumulated surplus has been adjusted for the following errors:-

Contractors retentions that prescribed before 2008/09 written off.	(881 214)
Liabilities that have prescribed and for which no valid obligation exists.	(226 989)
Reallocation of non-conditional service contributions	-17 972 680
Reversal of GRAP error from previous year	(19 030 131)
Being landfill provision not raised in previous years	99 174

Net effect on the opening balance of the accumulated surplus

(36 113 269)

Assets
Liabilities
Net effect on Statement of Financial Position

- -

38 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

Unauthorised expenditure

- -

Fruitless and wasteful expenditure

20 428 36 817
20 428 36 817

Incident	Disciplinary steps/criminal proceedings
Late payment of invoice that Council had a contractual obligation to pay	
Review of the current service level agreement for Council to get value for money	

Irregular expenditure

80 000 1 625 316
80 000 1 625 316

Incident	Disciplinary steps/criminal proceedings
Leadership Development Programme expenditure not budgeted for and supply chain management processes not complied with .	

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	<u>2010</u>	<u>2009</u>
	R	R
Steps to recover the amount of R80 000 from the former Executive Mayor, Cllr J Nsibande are in process		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT AND APPLICABLE REGULATIONS		
Contributions to SALGA		
Opening balance	-	-
Council subscriptions	1 556 540	993 216
Amount paid - current	(1 556 540)	(993 216)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
Audit fees		
Opening balance	232 858	29 843
Current year audit fee	2 393 224	1 888 571
Amount paid - current year	(674 510)	(564 828)
Amount paid - previous years	(1 712 939)	(1 120 728)
Balance unpaid (included in payables)	238 633	232 858
VAT		
VAT input receivables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.	80 567 322	20 499 662
PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	34 041 301	31 484 142
Amount paid - current year	(34 041 301)	(31 484 142)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	48 500 534	57 888 978
Amount paid - current year	(48 500 534)	(57 888 978)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
Councillor's arrear consumer accounts		
No Councillor was in arrears during the reporting period		
Deviations from Supply Chain Management Policy		
Deviations during the year	180 537 299	44 558 555
Total deviations from Supply Chain Management	180 537 299	44 558 555
Refer to Appendix F		
40 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
Approved and contracted for	264 175 805	640 581 400
Infrastructure	235 531 263	282 245 376
Community	1 456 134	231 011 831
Other	27 188 408	127 324 193
The expenditure will be financed from	264 175 805	640 581 400
Accumulated Surplus	62 216 792	224 997 394
External Loans	65 193 734	78 885 847
Government Grants	136 765 279	336 698 159
41 RELATED PARTIES		
Members of key management and the remuneration thereof are set out in Note 24.		
The remuneration of councillors and other in-kind benefits is set out in Note 25		
The Municipality has an interest in MEDA, which is a dormant Section 21 Company.		
Related party balances		
There is no related party indebtedness.		
Related party transactions		
There were no related party transactions other than those relating to the rendering of services to councillors and key management officials on a arms length transaction basis.		

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	R	R
42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES		
The Municipality has exposure to the following risks from its use of financial instruments:		
- Credit risk		
- Liquidity risk		
- Market risk		
This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes:		
Credit risk		
Is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations.		
- Consumer and other receivables		
- Investments		
- Loans receivable		
- Cash and cash equivalents		
<u>Consumer and other receivables</u>		
consumer. Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in		
<u>Investments</u>		
It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.		
<u>Loans receivable</u>		
Certain loans that are past due have been defaulted on by counterparties, thus legal action has been taken in certain circumstances against the counterparties in an attempt to recover the loan. When loans become irrecoverable they are written off. No conditions or terms of the loans have		
<u>Cash and cash equivalents</u>		
The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.		

	2010	2009
	R	R
Maximum exposure to credit risk at reporting date was:		
Held-to-maturity investments	10 364 137	20 017 418
Cash and cash equivalents	13 275 420	567 765 022
Total maximum exposure to credit risk (excluding loans and receivables)	23 639 557	587 782 440
Maximum exposure to credit risk at reporting date for loans and receivables as per counter parties was:		
Consumer debtors and other receivables	53 256 142	45 290 296
Other receivables	114 685 848	153 636
Total maximum exposure to credit risk for loans and receivables	167 941 990	45 443 932

Impairment losses

All of the Municipality's financial assets have been reviewed for indicators of impairment. Certain receivables and investments were found to be

Some of the unimpaired consumer receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2010	2009
	R	R
Not more than 180 days	49 495 695	53 325 275
More than 180 days but not more than 1080 days	125 262 869	115 752 978
More than 1080 days	103 136 952	88 945 427
	277 895 515	258 023 680
The ageing of impaired consumer receivables at reporting date was as follows:		
	2010	2009
	R	R
Not more than 180 days	53 015 402	43 525 135
More than 180 days but not more than 1080 days	-	839 519
More than 1080 days	-	143 560
	53 015 402	44 508 214

Market risk

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings.

At reporting date the interest rate profile of the Municipality's interest bearing financial instruments was:

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	2010	2009
	R	R
Fixed rate instruments		
Financial assets	10 364 137	20 017 418
Financial liabilities	57 973 128	65 759 304
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non- Derivative financial liabilities

30 June 2010

Secured bank loans
Trade and other payables
Finance lease liability

Carrying amount	Contractual cash flows	0-1 years
-	-	-

Non- Derivative financial liabilities

30 June 2009

Secured bank loans
Trade and other payables
Finance lease liability

Carrying amount	Contractual cash flows	0-1 years
-	-	-

43 CONTINGENT LIABILITIES

Refer to Appendix G

44 CONTINGENT ASSETS

Refer to Appendix H

45 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendices E(1) and E(2)

MBOMBELA LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX A
SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2010

Borrowings	Loan No.	Redeemable	Balance at 30 June 2009	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2010
			R	R	R	R	R
INTEREST BEARING							
Local Registered Stock							
Stock Loan@ 11.60%	3	1976/2001	3 000	-	-	-	3 000
Stock Loan@ 17.20%	79A	30/06/2011	2 900 000	498 800	-	-	2 900 000
Stock Loan@ 17.00%	80A	30/06/2011	9 000 000	1 530 000	-	-	9 000 000
			11 903 000	2 028 800	-	-	11 903 000
Annuity Loans							
ABSA R14 350 000 @13.10%		2002/2012	6 938 106	805 457	-	1 775 403	5 162 703
DBSA R22 000 000 @15.50%		1998/2016	17 977 127	2 580 515	-	1 404 119	16 573 008
INCA R25 000 000 @ 10.50%		2005/2020	21 555 432	2 138 910	-	1 145 217	20 410 215
INCA R15 000 000 @12.61%		2001/2011	4 715 598	470 599	-	2 210 065	2 505 533
INCA R 8 300 000 @12.61%		2002/2011	2 670 041	266 460	-	1 251 371	1 418 670
			53 856 304	6 261 941	0	7 786 176	46 070 128
TOTAL INTEREST BEARING BORROWINGS			65 759 304	8 290 741	0	7 786 176	57 973 128
FINANCE LEASES							
Various	Various	Various	59 319		444 086	(296 243)	207 162
Net-Finane Leases			59 319	0	444 086	(296 243)	207 162
Total			65 818 623	8 290 741	444 086	7 489 933	58 180 290

MBOMBELA LOCAL MUNICIPALITY											
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010											
APPENDIX B											
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT											
	HISTORICAL COST					ACCUMULATED DEPRECIATION					
	Opening Balance 01 July 2009	Additions/ Transfers	Under Construction	Disposals	Closing Balance 30 June 2010	Opening Balance	Additions/ Transfers	Disposals	Impairment losses	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
LAND AND BUILDINGS	254 595 617	-	9 962 399	-	264 558 016	35 531 646	5 026 705	-	-	40 558 352	223 999 664
Civic land & buildings and other	254 595 617	-	9 962 399	-	264 558 016	35 531 646	5 026 705	-	-	40 558 352	223 999 664
	-	-	-	-	-	-	-	-	-	-	-
INFRASTRUCTURE	4 580 123 590	240 481 247	158 695 904	-	4 979 300 741	603 609 806	268 420 326	-	-	872 030 132	4 107 270 609
Roads, pavements, bridges & stormwater	2 569 835 871	118 890 711	33 145 108	-	2 721 871 690	342 081 523	200 272 346	-	-	542 353 869	2 179 517 821
Water reservoirs & reticulation	1 030 495 797	92 250 805	21 884 624	-	1 144 631 226	179 687 209	29 991 428	-	-	209 678 637	934 952 589
Car parks, bus terminals & taxi ranks	-	-	-	-	-	-	-	-	-	-	-
Electricity reticulation	384 006 961	9 605 533	53 141 445	-	446 753 939	44 829 706	14 612 215	-	-	59 441 922	387 312 017
Sewerage purification & reticulation	594 639 393	19 734 198	29 767 845	-	644 141 436	37 011 368	23 544 336	-	-	60 555 704	583 585 731
Housing	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-
Refuse sites	-	-	14 372 213	-	14 372 213	-	-	-	-	-	14 372 213
Other (town planning & development)	1 145 568	-	6 384 669	-	7 530 237	-	-	-	-	-	7 530 237
COMMUNITY ASSETS	940 088 275	323 696 261	17 528 394	-	1 281 312 930	11 662 194	3 135 451	-	-	14 797 645	1 266 515 285
Establishment of parks & gardens	31 987 330	-	31 987 330	-	63 974 660	826 941	86 176	-	-	913 117	31 084 213
Sports fields	881 177 764	322 833 715	16 717 029	-	1 220 728 509	6 969 616	1 712 344	-	-	8 681 960	1 212 046 549
Community halls	19 291 375	677 687	579 866	-	20 548 928	1 979 455	1 027 961	-	-	3 007 416	17 541 512
Libraries	2 467 485	184 859	-	-	2 652 344	296 864	98 232	-	-	394 096	2 258 248
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-
Clinics	517 625	-	-	-	517 625	209 035	24 266	-	-	233 301	284 324
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-
Other (fire services & cemeteries)	4 636 696	-	231 408	-	4 868 104	1 381 283	186 472	-	-	1 567 755	3 300 439
INVESTMENT PROPERTIES	95 036 487	-	-	-	95 036 487	3 196 602	2 935 107	-	-	6 131 709	88 904 778
INTANGIBLES	6 734 270	451 733	-	-	7 186 003	3 745 333	144 457	-	-	3 889 791	3 296 212
Software and other	4 063 361	451 733	-	-	4 515 094	3 745 333	144 457	-	-	3 889 791	625 303
Servitudes	2 670 909	-	-	-	2 670 909	-	-	-	-	-	2 670 909
BIOLOGICAL ASSET	110 565	-	-	-	110 565	15 795	15 795	-	-	31 590	78 975
OTHER ASSETS	89 360 732	58 639 123	-	10 879 192	137 120 662	60 660 113	6 137 165	7 254 471	-	59 542 807	77 577 856
Other motor vehicles	50 031 328	40 837 008	-	10 262 284	80 606 052	29 201 265	4 538 816	6 637 563	-	27 102 518	53 503 535
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-
Office equipment	17 806 498	3 677 812	-	616 908	20 867 401	14 081 418	696 617	616 908	-	14 161 127	6 706 275
Markets	272 496	-	-	-	272 496	44 495	9 074	-	-	53 568	218 928
Security measures (including fencing)	387 955	-	-	-	387 955	314 061	69 078	-	-	383 139	4 816
Other (including IT)	20 862 455	14 124 302	-	-	34 986 757	17 018 875	823 581	-	-	17 842 455	17 144 302
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
SPECIALISED VEHICLES	16 825 954	6 280 761	3 086 970	-	26 193 684	3 557 811	2 161 556	-	-	5 719 367	20 474 317
Refuse	9 464 994	5 196 561	-	-	14 661 554	2 181 290	1 021 390	-	-	3 202 680	11 458 874
Conservancy	4 179 242	1 084 209	-	-	5 263 442	1 057 683	746 831	-	-	1 804 514	3 458 928
Fire	3 181 718	-	3 086 970	-	6 268 688	318 838	393 335	-	-	712 173	5 556 515
SUB TOTAL	5 982 875 489	629 549 125	189 273 667	10 879 192	6 791 263 174	721 979 302	288 062 912	7 254 471	-	1 002 787 742	5 788 117 696
Leased Assets	-	444 086	-	-	444 086	-	86 350	-	-	86 350	357 736
Office equipment	-	444 086	-	-	444 086	-	86 350	-	-	86 350	357 736
TOTAL	5 982 875 489	629 993 210	189 273 667	10 879 192	6 791 263 174	721 979 302	288 062 912	7 254 471	-	1 002 787 742	5 788 475 432
	HISTORICAL COST					ACCUMULATED DEPRECIATION					
	Opening Balance 01 July 2008	Additions/ Transfers	Under Construction	Disposals	Closing Balance 30 June 2009	Opening Balance	Additions/ Transfers	Disposals	Impairment losses	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
LAND AND BUILDINGS	244 434 320	10 842 543	765 000	1 446 247	254 595 617	31 295 249	4 725 286	488 889	-	35 531 646	219 063 970
Civic land & buildings and other	244 434 320	10 842 543	765 000	1 446 247	254 595 617	31 295 249	4 725 286	488 889	-	35 531 646	219 063 970
	213 139 071										

INFRASTRUCTURE	4 366 371 543	75 636 746	139 717 795	1 602 493	4 580 123 590	336 928 745	267 153 663	472 602	603 609 806	3 976 513 784	
Roads, pavements, bridges & stormwater	2 482 114 734	34 365 204	53 355 933		2 569 835 871	141 834 740	200 246 783		342 081 523	2 227 754 349	
Water reservoirs & reticulation	988 033 271	17 284 632	25 177 894		1 030 495 797	150 366 009	29 321 201		179 687 209	850 808 588	
Car parks, bus terminals & taxi ranks					-				-	-	
Electricity reticulation	318 919 159	23 986 910	41 100 893		364 006 961	30 788 363	14 041 343		44 829 706	339 177 255	
Sewerage purification & reticulation	575 701 885		18 937 507		594 639 393	13 467 032	23 544 336		37 011 368	557 628 025	
Housing	1 602 493			1 602 493	-	472 602		472 602	-	-	
Street lighting					-				-	-	
Refuse sites					-				-	-	
Other (town planning & development)			1 145 568		1 145 568				-	1 145 568	
COMMUNITY ASSETS	518 459 352	1 964 482	419 664 441	-	940 088 275	8 600 013	3 062 181	-	11 662 194	928 426 081	
Establishment of parks & gardens	31 997 330				31 997 330	739 468	87 473		826 941	31 170 389	
Sports fields	461 513 323		419 664 441		881 177 764	5 257 272	1 712 344		6 969 616	874 208 148	
Community halls	19 291 375				19 291 375	951 494	1 027 961		1 979 455	17 311 920	
Libraries	1 865 710	601 775			2 467 485	217 691	78 173		295 864	2 171 621	
Recreational facilities					-				-	-	
Clinics	517 625				517 625	184 769	24 266		209 035	308 590	
Museums & art galleries					-				-	-	
Other (Cemeteries)	3 273 989	1 362 707			4 636 696	1 249 319	131 964		1 381 283	3 255 413	
INVESTMENT PROPERTIES	95 036 487	-	-	-	95 036 487	261 495	2 935 107	-	3 196 602	91 839 885	
INTANGIBLES	4 588 241	2 056 029	90 000	-	6 734 270	2 957 129	788 204	-	3 745 333	2 988 936	
Software and other	3 931 241	42 120	90 000		4 063 361	2 957 129	788 204		3 745 333	319 027	
Servitudes	657 000	2 013 909			2 670 909				-	2 670 909	
BIOLOGICAL ASSET	110 565				110 565		15 795		15 795	94 770	
OTHER ASSETS	77 012 196	12 345 271	3 265	-	89 360 732	58 237 646	2 422 467	-	60 660 113	28 700 619	
Other motor vehicles	41 558 955	8 472 373			50 031 328	27 770 105	1 431 160		29 201 265	20 830 063	
Plant & equipment					-				-	-	
Office equipment	15 380 284	2 426 214			17 806 498	13 911 013	170 406		14 081 418	3 725 079	
Markets	272 496				272 496	35 421	9 074		44 495	228 001	
Security measures (including fencing)	387 955				387 955	241 605	72 456		314 061	73 894	
Other (including IT)	19 412 506	1 446 684	3 265		20 862 455	16 279 502	739 373		17 018 875	3 843 581	
					-				-	-	
					-				-	-	
SPECIALISED VEHICLES	9 554 419	7 271 534	-	-	16 825 954	2 082 712	1 475 099	-	3 557 811	13 268 143	
Refuse	4 548 027	4 916 967			9 464 994	1 193 474	987 816		2 181 290	7 283 704	
Conservancy	4 179 242				4 179 242	690 677	367 006		1 057 683	3 121 559	
Fire	827 150	2 354 568			3 181 718	198 561	120 277		318 838	2 862 879	
TOTAL	5 315 567 123	110 116 605	560 240 501	3 048 740	5 982 875 489	440 362 989	282 577 803	961 491	-	721 979 302	5 260 896 188

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APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

	HISTORICAL COST					ACCUMULATED DEPRECIATION					
	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Impairment losses	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
EXECUTIVE COUNCIL	980 397 242	428 709 928	38 903 670	-	1 448 010 840	4 018 503	4 696 305	-	-	8 714 808	284 889
Council General	713 713				713 713	421 790	7 034			428 824	284 889
Executive mayor & councillors	1 089 173	473 822			1 562 995	846 475	156 834			1 003 309	559 686
Municipal Manager	524 445	1 692 620			2 217 065	270 898	27 200			298 098	1 918 977
Chief Operation Manager	978 069 907	426 543 486	38 903 670		1 443 517 063	2 479 340	4 505 237			6 984 577	1 436 532 486
FINANCE & ADMINISTRATION	42 380 708	768 581	1 929 838	-	45 079 127	19 307 930	1 823 757	-	-	21 131 687	23 947 440
Chief financial officer	3 071 050	119 295	159 300		3 349 645	2 886 440	11 123			2 897 568	452 079
Financial planning	878 062	162 006			1 040 068	452 800	84 420			537 226	502 842
Income and revenue management	2 783 896	197 452			2 981 351	1 807 150	55 632			1 862 781	1 118 563
Debt collection and credit control	1 266 122	59 286			1 325 408	1 265 230	2 886			1 268 121	57 287
Information technology	1 300 038	90 767			1 390 805	181 851	270 945			452 796	938 005
Human resources	628 381	68 872	1 770 538		2 467 791	309 763	5 097			314 861	2 152 931
Support services	2 895 661				2 895 661	1 976 785	620 212			2 596 997	298 666
Property services	28 613 585				28 613 585	9 666 785	773 438			10 440 223	18 173 362
Admin and legal services	822 325				822 325	729 523				729 523	92 802
Director corporate services	121 585	70 904			192 489	31 585				31 585	160 904
Other & admin											
PLANNING & DEVELOPMENT	34 172 220	686 250	55 901 316	-	90 759 786	10 697 524	2 220 711	-	-	12 918 235	77 841 551
Planning & development	20 813 846	686 250	31 916 337		53 416 433	7 097 000	595 294			7 692 294	45 724 139
Technical & civil engineering	13 358 374		23 984 979		37 343 353	3 600 524	1 625 417			5 225 939	32 117 414
ROAD TRANSPORT	409 832 891	7 875 542	32 545 570	-	450 254 003	133 070 836	11 231 644	-	-	144 302 480	305 951 522
Vehicle licensing & testing	7 639 197				7 639 197	2 339 740				2 339 740	5 299 451
Roads & stormwater	362 405 258	5 877 939	32 545 570		400 828 767	106 977 183	11 231 644			118 208 827	282 619 939
Roads other	39 788 436	1 997 603			41 786 039	23 753 907				23 753 907	18 032 132
HEALTH	707 233	81 869	-	-	789 102	595 547	10 301	-	-	605 848	183 254
Clinics											
Health other	707 233	81 869			789 102	595 547	10 301			605 848	183 254
COMMUNITY & SOCIAL SERVICES	64 467 641	3 454 732	652 064	-	68 574 436	22 089 679	1 383 632	-	-	23 473 311	44 116 364
Libraries & archives	2 587 450	599 582			3 187 040	471 824	254 803			726 628	2 460 416
Museum & Art Galleries	12 880 757	956 561	420 566		14 257 885	3 966 250	327 979			4 294 230	9 963 651
Community halls & facilities	16 198 433				16 198 433	6 505 176				6 505 176	9 693 257
Civic centre	21 551 949				21 551 949	8 515 410				8 515 410	13 036 534
Cemeteries & crematoriums	8 665 978	1 833 918	231 498		10 731 394	980 719	788 166			1 768 885	8 962 507
Director community services	2 583 066	64 672			2 647 738	1 650 295	12 681			1 662 976	984 762
PUBLIC SAFETY	36 034 219	12 418 373	10 824 702	-	59 277 294	14 420 058	4 595 433	-	-	19 015 491	40 261 803
Fire rescue	11 544 000	884 708	8 201 860		20 630 573	4 502 880	652 712			5 155 592	15 474 979
Traffic	24 490 219	11 533 665	2 622 842		38 646 722	9 917 173	3 942 721			13 859 894	24 786 828
ENVIRONMENTAL PROTECTION	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection											
SPORT & RECREATION	14 955 855	334 678	-	-	15 290 533	2 651 597	345 111	-	-	2 996 708	12 293 826
Sport & recreation	14 955 855	334 678			15 290 533	2 651 597	345 111			2 996 708	12 293 826
WASTE WATER MANAGEMENT	150 035 461	37 027 834	11 750 736	-	198 814 031	47 426 401	5 141 724	-	-	52 568 125	146 245 906
Sewerage	150 035 461	37 027 834	11 750 736		198 814 031	47 426 401	5 141 724			52 568 125	146 245 906
WASTE MANAGEMENT	30 784 947	81 778 588	14 400 213	-	126 963 748	12 321 016	2 552 217	-	-	14 873 233	112 090 515
Solid waste	30 784 947	81 778 588	14 400 213		126 963 748	12 321 016	2 552 217			14 873 233	112 090 515
HOUSING	7 643 634	63 074	-	-	7 706 708	2 586 919	161 879	-	-	2 748 798	4 957 910
Housing	7 643 634	63 074			7 706 708	2 586 919	161 879			2 748 798	4 957 910
OTHER	-	-	-	-	-	-	-	-	-	-	-
Other											
WATER	354 587 099	27 947 778	22 365 557	-	404 900 434	58 900 777	9 279 092	-	-	68 179 869	336 720 564
Water distribution	294 483 996	27 947 778	22 365 557		344 797 331	46 109 870	9 279 092			55 388 962	289 408 369
Water storage	60 103 101				60 103 101	12 790 902				12 790 902	47 312 199
ELECTRICITY	203 785 018	28 130 438	-	-	231 915 456	79 249 259	8 945 835	-	-	88 195 094	143 720 363
Electricity distribution	152 673 593	28 130 438			180 804 031	77 061 820	8 945 835			86 007 655	94 796 373
Street lighting	51 111 425				51 111 425	2 187 435				2 187 435	48 923 990
LED, Tourism and Trade Administration	-	715 546	-	-	715 546	-	114 975	-	-	114 975	600 571

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APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Impairment losses	Disposals	Closing Balance	
	R	R		R	R	R	R		R	R	
LED, Tourism and Trade Administration		715 546			715 546		114 975			114 975	600 571
SUB TOTAL	2 329 784 168	629 993 211	189 273 667	10 879 192	3 138 171 853	407 336 046	52 502 616		7 254 471	452 584 192	2 685 587 662
Correction of prior years Error(Unbundling of Assets)	3 653 091 321				3 653 091 321	314 643 255				314 643 255	3 338 448 066
Current year adjustment							235 560 296			235 560 296	(235 560 296)
TOTAL	5 982 875 489	629 993 211	189 273 667	10 879 192	6 791 263 175	721 979 301	288 062 912	-	7 254 471	1 002 787 742	5 788 475 432

MBOMBELA LOCAL MUNICIPALITY

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APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

2009 ACTUAL INCOME R	2009 ACTUAL EXPENDITURE R	2009 SURPLUS / (DEFICIT) R		2010 ACTUAL INCOME R	2010 ACTUAL EXPENDITURE R	2010 SURPLUS / (DEFICIT) R
151 230 410	21 773 040	129 457 370	Executive & Council	198 405 905	137 463 224	60 942 681
232 617 269	186 931 054	45 686 214	Finance & Admin	233 810 683	142 583 859	91 226 824
2 283 779	44 223 766	(41 939 987)	Planning & Development	2 515 218	41 355 745	(38 840 527)
251 348	8 421 555	(8 170 208)	Health	271 730	10 918 406	(10 646 676)
741 523	39 067 489	(38 325 966)	Community & Social Services	1 728 370	48 876 124	(47 147 753)
29 626 449	78 027 269	(48 400 820)	Public Safety	26 399 080	99 281 609	(72 882 529)
275 991 647	27 006 595	248 985 051	Sport & Recreation	279 680 177	139 218 255	140 461 922
38 097 266	80 788 733	(42 691 467)	Waste Management	42 802 094	75 998 724	(33 196 630)
244 125 888	149 845 491	94 280 397	Road Transport	335 594 631	173 160 142	162 434 489
28 761 757	57 637 175	(28 875 419)	Waste Water (Sewerage)	37 489 286	35 019 886	2 469 400
77 288 918	159 322 527	(82 033 609)	Water	125 570 504	150 194 514	(24 624 010)
273 959 522	253 870 883	20 088 638	Electricity	339 037 647	329 098 915	9 938 732
1 354 975 773	1 106 915 577	248 060 196	Sub-Total	1 623 305 327	1 383 169 405	240 135 922
	(37 213)	(37 213)	Gain/(Loss) on sale of assets		(1 195 207)	(1 195 207)
1 354 975 773	1 106 952 790	248 022 983	Total	1 623 305 327	1 384 364 612	238 940 715

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APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET

	2010 Actual	2010 Revised	2010 Variance	2010 Variance	Explanations of significant variances greater than 10% versus budget
	R	Budget R	R	%	
REVENUE					
Property rates	187 192 358	181 426 033	5 766 325	3	
Service charges	401 689 880	397 835 585	3 854 295	1	
Rental of facilities and equipment	1 412 305	2 458 613	(1 046 308)	(43)	
Interest earned – external investments	16 389 721	17 236 088	(846 367)	(5)	
Interest earned – outstanding debtors	20 765 102	25 733 682	(4 968 580)	(19)	
Fines	3 022 962	3 466 844	(443 882)	(13)	
Licenses & permits	9 219	6 824 729			Correctly allocation of revenue that was incorrectl recognised as own revenue but due to Dept of Roads
			(6 815 510)	(100)	
Revenue for agency services	20 136 561	79 066 941	(58 930 380)	(75)	
Government grants & subsidies – operating	397 738 141	293 103 652	104 634 489		Due to recognition of revenue on conditional grants after conditions have been met
Government grants & subsidies – capital	540 310 848		540 310 848		
Other revenue	34 638 228	38 172 910	(3 534 682)	(9)	
Total Revenue	1 623 305 327	1 045 325 077	577 980 250	55.29	
EXPENDITURE					
Employee related costs	303 219 173	298 389 758	4 829 415	2	
Remuneration of councillors	15 604 980	15 787 057	-182 077	(1)	
Bad debts	51 062 666	60 523 439	-9 460 773	(16)	Implementation of revenue enhancement strategy
Collection costs	530 080	535 654	-5 574	(1)	
Depreciation	288 062 912	48 376 521	239 686 391	495	Update on fixed asset register
Repairs & maintenance	120 375 687	136 097 333	(15 721 646)	(12)	
Finance costs	12 969 700	9 492 587	3 477 113		Due to interest on provision for rehabilitation on landfill site and interest on discounted retention
				37	
Bulk purchases	216 350 053	228 612 848	(12 262 795)	(5)	
Grants & subsidies paid	256 000	256 000	0	-	
Contracted services	169 498 563	140 647 873	28 850 690		Expense of operating projects that were incorrectly capitalised as a result of being budgeted for under capital budget
				21	
General expenses	205 239 591	154 347 318	50 356 619	33	
Total Expenditure	1 383 169 405	1 093 066 388	289 567 363	26.48	
Gain/ (Loss) on disposal of assets	(1 195 207)	15 517 500	(16 712 707)	(108)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	238 940 715	(32 223 811)	271 700 180		

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APPENDIX E (2)							
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)							
	2010	2010	2010	2010	2010	2010	Explanations of significant variances greater than 5% versus budget
	Actual R	Under Construction R	Total Additions R	Revised Budget R	Variance R	Variance %	
EXECUTIVE & COUNCIL	428 709 928	38 903 670	467 613 598	1 428 171	466 185 427	32 642	
Executive & Council	428 709 928	38 903 670	467 613 598	1 428 171	466 185 427	32 642	
FINANCE & ADMINISTRATION	833 253	1 929 838	2 763 091	7 813 601	(5 050 510)	(65)	
Finance	538 039	159 300	697 339	1 859 723	(1 162 384)	(63)	
Information Technology	90 767	-	90 767	263 072	(172 305)	(65)	
Human Resources	68 872	1 770 538	1 839 410	2 420 963	(581 553)	(24)	
Property Services	-	-	-	-	-	-	
Other & Admin	135 576	-	135 576	3 269 843	(3 134 267)	(96)	
PLANNING & DEVELOPMENT	686 250	55 901 316	56 587 566	23 169 856	33 417 710	144	
Planning & Development	686 250	55 901 316	56 587 566	23 169 856	33 417 710	144	
ROAD TRANSPORT	7 875 542	32 545 570	40 421 112	381 209 788	(340 788 676)	(89)	
Vehicle Licensing & Testing	-	-	-	360 608	(360 608)	(100)	
Roads & Stormwater	5 877 939	32 545 570	38 423 509	6 040 205	32 383 304	536	
Roads Other	1 997 603	-	1 997 603	374 808 975	(372 811 372)	(99)	
HEALTH	81 869	-	81 869	-	81 869		
Clinics	-	-	-	-	-	-	
Health Other	81 869	-	81 869	-	81 869	-	
COMMUNITY & SOCIAL SERVICES	3 390 060	652 064	4 042 124	10 926 916	(6 884 792)	(63)	
Libraries & Archives	599 582	-	599 582	599 582	-	-	
Community Halls & Facilities	956 561	420 566	1 377 126	9 542 916	(8 165 790)	(86)	
Cemeteries & Crematoriums	1 833 918	231 498	2 065 416	1 384 000	681 416	49	
PUBLIC SAFETY	12 418 373	10 824 702	23 243 075	44 750 090	(21 507 015)	(48)	
Fire	884 708	8 201 860	9 086 569	22 133 832	(13 047 263)	(59)	
Traffic	11 533 665	2 622 842	14 156 507	22 616 258	(8 459 751)	(37)	
SPORT & RECREATION	334 678	-	334 678	297 328 059	(296 993 381)	(100)	
Sport & Recreation	334 678	-	334 678	297 328 059	(296 993 381)	(100)	
WASTE WATER MANAGEMENT	37 027 834	11 750 736	48 778 570	120 943 802	(72 165 232)	(60)	
Sewerage	37 027 834	11 750 736	48 778 570	120 943 802	(72 165 232)	(60)	
Public Toilets	-	-	-	-	-	-	
WASTE MANAGEMENT	81 778 588	14 400 213	96 178 801	61 714 766	34 464 035	56	
Solid Waste	81 778 588	14 400 213	96 178 801	61 714 766	34 464 035	56	
HOUSING	63 074	-	63 074	7 484 105	(7 421 031)	(99)	
Housing	63 074	-	63 074	7 484 105	(7 421 031)	(99)	
WATER	27 947 778	22 365 557	50 313 335	196 954 644	(146 641 309)	(74)	
Water Distribution	27 947 778	22 365 557	50 313 335	181 205 016	(130 891 681)	(72)	
Water Storage	-	-	-	15 749 628	(15 749 628)	(100)	
ELECTRICITY	28 130 438	-	28 130 438	142 633 705	(114 503 267)	(80)	
Electricity Distribution	28 130 438	-	28 130 438	142 633 705	(114 503 267)	(80)	
Street Lighting	-	-	-	-	-	-	
LED, Tourism and Trade Administration	715 546	-	715 546	-	-	-	
LED, Tourism and Trade Administration	715 546	-	715 546	-	-	-	
TOTAL	629 993 211	189 273 666	819 266 878	1 296 357 503	(477 090 625)	(37)	

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
G & S Security	12 531			
P & P Construction	33 807			
Sitananzi Contract Cc	22 598			
A.L Spinner	11 200			
Training Institute	3 500			
Afrec (Pty) Ltd	-	-	26 700	
Alfred Nkambule Loudhailing	800			
All Electronic Services	2 250			
Alstom	5 418			
Altec Auto Electrical	12 284			17 966
Andre's Car Installation	8 000			
Applied Gas Cc	755			
Aqua Centre Nelspruit	682 318			
Argo Publiccation Cc	21 583			
Asongeni Build It	6 290			
Astra Tours Events	300			
Atlantic Café	1 968			
Atlas Plastics	7 467	-	26 568	-
Auto Engineering Ta Cylinder				1 774
Bizzy Ladies/East Of Eden	593			
Blue Link Advertisint & Marketing	6 859			
Blue Weaver Cc	1 170			
Businss Day	296	-	2 137	-
Cape Media Corporation				29 640
Cape Union Mark	799			
Car Towing Services Sa	2 283	-	-	2 381
Carmica Medical	3 071			
Cesa			6 050	
Chaos Mash Trading	10 815	-	-	-
Chion Motors				3 353
Chubb Security	713			
Ck Plumbing &				
General Supplies	4 845			
Clau-Clau Academy	1 500			
Computer Foundation			22 559	

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Consultants			19 994	
Contact Communication	22 516	-	-	5 131
Conway General Suppliers Cc	175 597	-	6 359	322 790
Copier And Freight Group	548			
Croco Thela	850			
CTP Limited T/A Lowveld Media	1 548			
Cv Propshaft Exchange				
Services	8 083			
Cyrus Projects Cc	3 990	-	-	3 585
Deedsweb	2 069			
Dept. Of Roads & Transport	46 907	-	18 763	-
Dil Trek Mpumalanga	5 666			
Solutions	16 510			
Dlangendlini General				
& Welding	16 200			
Domsamfana Logistics	3 755			
Don Gresswell Library	20 031			
Donald Sibiya (Louhailing)	800			
Dr Van Rensburg & Partners	-	-	842	-
Eastern Transvaal Rubber Stamps	31 492	-	904	-
Edlectrical Engineering	878			
Edmond Twala	3 600	-	-	-
Edward Banda	500			
Electrical Cc	5 466	-	-	-
Emergency & Health Care				
Training Academy	5 686			
Engine Petroleum	1 080 513	-	154 042	111 870
Engineering Council Of South Africa	2 048			
Equipment (Pty) Ltd	846			
Essential Publishing	30 438			
Fuel Injection	676	-	-	2 155
Gallagher Fencing	11 734	-	-	-
Game Stores	20 336	-	-	-
Gbds Gearbox & Diff Services	9 929	-	-	47 742
Gininda Lolly Daniel	400			
Give Traders	24 624			

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Global Business And	2 306			
Gm Sihlangu Construction	14 583			
Government Printing Works	2 585			
Gracious Projects	527 427			
Green Cross Manufacturers (Pty) Ltd	11 782			
Group 600 Sa	4 515			
H20 International	5 113			
High Echelon Trading 20cc Technologies	11 000			
Home Neethling	841 796	-	-	-
	-	-	7 050	-
Home Grown Magazine				19 209
Homegrown Magazines	50 559			
Hot Stuff Electrical	2 299			
	19 854			
Hv Test (Pty) Ltd	10 000			
Hydraulic & Earthmoving Repairs	-	-	-	15 861
Hydro Doors	3 741			
Ics (Integrity Control System)	6 800			
Idle Pulley 429	1 188			
Image Office	2 654			
Impsa	500	-	15 108	-
Imvelo Lenhle Trading	2 834			
Incedon	28 004			
Independent Examination				
Board	5 060			
Independent Newspaper	-	2 343	-	-
Ingcebo Yesive Trading	6 260			
Institute For The Advancement Of				
Journal				
International And Diplomatic Protocol				29 070

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
International Healthcare				
Distrivutors	19 229	-	5 113	-
International Liquors	29 943	-	-	-
International Protocol Consultants			6 604	
Ithemba Elihle Trading	10 216			
Itireng Trading	30 828	-	-	-
J&E Renovations,	28 899			
J.T Distrubutors	3 876			
J.T Khoza T/A Khoza's Tax	2 000			
James Fakude	29 330	-	-	-
Jjat Property And Investments	9 948			
Service Cc	7 340			
Mahindra Nelspruit	1 133			
Mahlalela B.A	400			
Mhlongo Simon	3 600	-	-	-
Mhmk Construction	3 500			
Modisang Technologies				
(Pty) Ltd	3 463			
Mokoena Peter	423			
Morgan Auto Electrical	2 485			
Mpumalang Provincial	4 503	-	-	
Mpume Document Mgt	325			
Mqondisi Cc	67 203	-	-	-
Mumamali General Trading	18 700			
Mungaleas Motor Trimmers	5 084			
My Office	720			
Nashua Mobile	33 912	-	-	-
Njr Steel Nelspruit	19 825	-	-	1 810
Nkosi Muziwakhe	150			
Nkosi S.M	800	-	-	-
Nodumo Trading	24 000			
Numbi Motors				1 481
Oasis Water White River	1 272	-	-	-
Orange Restaurant	9 916	-	-	-
P & P Plant Hire & General				
Repairs Cc	9 779			
Panasonic / Ristar	1 272	-	22 694	-

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Pel Africa Management Cc	367 194			
Peter's Auto House	84 426	-	-	174 701
Pick N' Pay	1 927			
Pj Lourens Attorneys	2 112			
Plas Grow Cc	4 872			
Plumbing Lady Trading Cc	111 905	-	-	-
Pmr Africa	53 711			
Popela Mamphasha	300			
Powerpro Electrical Wholesalers	104			
Ppe Technologies Nelspruit	17 121	-	-	-
Premier Sayina Africa	14 957			
Purple Moss 1010	24 958	-	-	-
Quality Steel	62 130	-	-	-
R2 Photography Cc T/A				
Foto Focus	5 425			
Rcp Media	5 197	-	65 187	-
Reptile Conservation	800			
Rift Vallwy Management Consulta	25 000			
Risingsun Field And Services	14 473	-	-	1 140
Rista Communications	352			
Rocky's Armature Winders	66 475	-	-	-
Roses Guns	1 660			
Sa Labour Guide			4 449	
Sabri Glass An Installation	761			
Sabs	1 182	26 112	-	3 065
Sarahomes	15 914			
Sasol Secunda	13 837	-	7 503	-
Screen -Rite	2 317			
Selby Thanda Trading	24 713			
Shemance Construction	1 850			
Silinda Mokoena Attorneys	127 167	-	225 775	-
Singwana L.L	1 200	-	-	-
Sipho's Irrigation Systems	9 410			

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Sitamanzi Constructors	52 314	-	-	-
Sive Aircon & Electrical Solution	124 146	-	-	-
South African Road Federation	8 988	-	-	-
Southern Africa Fault Location	16 154	-	-	-
Sowetan	119 085	20 078	-	-
Sparks & Ellis	11 063	-	-	-
Speedy's Tyre & Exhaust	17 286	-	-	7 022
Stegmans Trust Account	1 990	-	47 489	-
Steinmed Waste Management	7 664	-	949	-
Sud Chemie	-	-	9 316	-
Sunday Times		250 000		
Sydney Mthuzi Kunene	9 200	-	-	-
Intelligence	570			
Tjitji Suppliers Cc	27 420	-	-	-
Tlokwe City Council	10 480	-	-	-
Tms Hasler				
Business System	250			
Tms Hasler Postage Division	2 118	-	-	57 600
Tokiso			18 265	
Tradevest Michem	9 684			
Training & Skills Development	10 150			
Transfarm	7 829	-	20 508	3 321
Trappers Trading	7 762			
Trend Tap & Tile	646			
Tri-Cor Signs	67 468	-	25 992	-
Truck Parts				21 660
Tsimane Power Maintenance Cc	40 371	-	-	-
Ttt Spares	-	-	-	55 477
Umpfompfo Trading	4 400	-	-	-
University Of Cape Town			22 000	
University Of Johannesburg			5 000	

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
University Of Pretoria	25 300			
Uptown Trading 61cc	12 255	-	-	3 748
Van Schalk Bookstore	11 646	-	6 450	-
Van Staden & Pretorius	28 500			
Van Wettens				
Breakdown Services	20 256	-	-	-
Variprint Systems Cc			10 499	
Vukani Nonke	27 720			
Vukasizwe Event Management	18 380	-	-	-
Waltons Stationery	39 260	-	-	2 025
Weavind & Weavind Attorneys	1 947			
Wendy Lane Cc	31 220	-	-	-
Wentzel Auto Clinic	164 175	-	-	213 664
Westval Nelspruit	10 021	-	-	3 362
White River Lawn Mowers	-	-	-	31 036
Wikus Strydom	3 500			
Wisa	1 904			
Wise Wires	5 000			
Wits Business School			20 000	
Women In Power General Trading	15 669	-	-	-
Workplace				
Performance Technologies	1 454			
Worx Of Africa	23 256			
Xps	188 342	-	-	-
Yours Personally	12 000			
Z-Card		80 798		
H&V Mobile electrics	35 507 358	3 369 259	6 057 796	10 080 023
H.V Test (Pty) Ltd	9 239			
H20 International	5 113			
Happy People Trading	453 838	-	-	-
Harvey World Travel	20 351			
Hawards Traning institute	31 915			
High Echelon Trading 20cc	11 000			
Hi-Q country wide	4 904	-	-	5 255

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Hloyisane Electrical Technologies	841 796	-	-	-
HLV Mobile Electrics				531
Hobam civil works	27 360			
home Neethling	-	-	7 050	-
Home Grown Magazine				19 209
HomeGrown Magazines	50 559			
Hot Stuff Electrical	2 299			
	19 854			
Hux Technologies	5 765	-	-	-
HV &LV electrical and installation	25 866	-	-	-
HV Test (Pty) Ltd	10 000			
Hydraulic & Earthmoving Repairs	-	-	-	15 861
Hydro Doors	3 741			
ICS (Integrity Control System)	6 800			
IDLE PULLEY 429	1 188			
Image Office	2 654			
IMESA Conference Secretariat	-	-	25 298	-
Impact Auto Body Repairs	1 967			
IMPSA	500	-	15 108	-
Imvelo Lenhle Trading	2 834			
Inclodon	28 004			
Independent Examination Board	5 060			
Independent newspaper	-	2 343	-	-
induna power products	52 377			
Ingala Trading cc	16 416			
Ingcebo Yesive Trading	6 260			
Inkanyezi Rest				1 618
Inkanyezi Rest	1 531			

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	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Institute for the advancement of Journal				
International and diplomatic protocol			29 070	
International healthcare distrivutors	19 229	-	5 113	-
International liquors	29 943	-	-	-
International Protocol Consultants			6 604	
Ithemba Elihle Trading	10 216			
Itireng Trading	30 828	-	-	-
j & m security	2 565			
J T Khoza	2 000			
J&E Renovations,	28 899			
J&M Security	1 408			
J.J Hydraulics				668
J.T Distrubutors	3 876			
J.T Khoza t/a Khoza's tax	2 000			
James Fakude	29 330	-	-	-
JCD Interiors	10 503			
Jetline Hamlin	3 415			
Jetline.com	52 215	-	-	-
JH Jokovu Trading cc	48 906			
JJ Distributors				7 182
JJ hydraulics	3 382	-	-	33 756
JJAT Property and Investments	9 948			
Joe-Mary Security Services	198 455	-	-	-
Johan Sibiya Promotion	285 000			
Johannes Mhlanga	29 972	-	-	-
John Mytham Investments cc	32 994	-	-	19 626
JUTA and Company Ltd	14 831	1 904	6 156	-
JVM Travelling and Tourism	10 500			
JVR Technologies cc	94 661	-	-	-
k.k sound system promotion	400			

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Kamagugu Inclusive School	18 000			
Kapito Coporate Division		9 109		
Karino Concrete	234 894			
Keis toilet hire & enterprises	20 480			
Kenfan trading	19 710	-	-	-
Khoza J.T Transport	3 250			
Khula Utobona Trading	450			
KK Sound System and Promotion	400			
KK Sound System Production	8 800			
kleen print cc	8 101			
knowledge base	2 508	-	84 178	-
Knowledge Up-grade	14 341	-	3 142	-
Komatsu Southern Africa	28 558	-	-	43 460
krag bron herster dienste				1 625
Kragron Hersteldienste	16 633	-	-	17 111
Kruger Moeletsi Attorneys	19 833	-	84 243	-
Kusasile trading	20 696	-	-	-
Kyoob Studio cc	29 561			
I.f.p agricultural & construction equipment				4 148
L.K Hydraulics	7 193	-	-	-
La Farge		7 981		
Labour Guide		29 794		
Lady Di cc	19 886			
Laeveld Bouhandelaars	5 482	-	-	-
Laeveld Electrical	28 044	-	-	-
Laeveld Trekkers Rock Drift	10 445	-	-	13 704
Lafarge		2 550		
Lake's Autolect cc				854
Landis \$ Gyr	26 363			
Laser engraving laser markit	338			
Lendzo Trading cc	5 472			
Letweg Communications	28 494	-	-	-
LexisNexis	65 356	-	43 783	-
lfp motor pty ltd				10 984
LFP Motors				5 398
LIASA Conference		5 850		

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COMPANY	REASON FOR DEVIATION				
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE	
Lift and Shift					593
Lift and shift	7 237				
Light Bee Lightning	19 668				
Ligwalagwala FM	6 760				
Likhuleni M.L	7 200				
Limpopo Traffic College	14 270				
Lincolnwood	25 000				
Liquor City	50 109	-	-	-	
Live Wire					6 500
Lizard Patrols	41 040	-	-	-	
LJ Intertrade	1 208				
Locksmith	18 075	-	-	-	
Lomhlangano Tours & Private Hire	4 560				
Lomzalamba Investment	4 540				
Losana Golden Stars	1 000				
Lotang Trading 47cc	5 700				
Lowveld Telephone Systems	602				
Lowveld Brake cc	6 638	-	-		27 091
lowveld building suppliers	12 364				
Lowveld Chamber of Business & Tourism	4 000	-	20 000	-	
Lowveld electrical	25 479	-	-	-	
Lowveld Garage Equipment	1 510	-	-	-	
Lowveld Maintenance and Plumbers	14 589	-	-	-	
Lowvelder media	91 257	845 695	78 928	-	
Lowveld Motors t/a Palm Motors	1 425				
Lowveld Office Automation	8 655	-	-	-	
lowveld project	1 873				
Lowveld propshaft	6 263	-	-		1 478
Lowveld Rentals	72 960				
Lowveld Show Society			17 100		
Lowveld Signs cc	23 091				

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Lowveld Tombstones cc	-	-	2 290	-
Lowveld trading	19 500			
Lowveld Wholesalers	14 630			
Lowvelde Show			25 000	
Lugati Trading cc	7 700	-	-	-
Lukhele Mthobisi	150			
Lwandle Lethu Trading	28 044			
M.P MAKARING	900			
M3 Holdings (Pty) Ltd	6 779			
Mabila Mgwintshi Alfred	150			
Mabutane Development	8 592			
Macbeth Attorneys	-	-	200 881	-
Macman Vehicle Service CC	7 340			
Mahindra Nelspruit	1 133			
Mahlalela B.A	400			
Main Event Catering	6 470			
Makaringa Petros	1 100	-	-	-
Makharry Trading Solutions	1 280			
Makhubela Msibi	150			
Malapeng Trading	111 150			
Malelane Garage cc	8 574			
Malinda Trading cc	4 860			
Malinza trading	34 448	-	-	-
Malman Vehucle Services				6 132
Man Truck and Bus				5 589
mandla nhlapho	200			
Mandlakazi Electrical Technologies (pty) L	349 422	-	-	-

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	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Maposa Victor	150			
Marbo	1 669			
Marcus Evans		32 811		
Maria Sikonela	400			
Mariri Trading	8 550			
Marks Plumbing	32 283	-	-	-
Marle Fire Fighting Technology	7 980			
Masakhane Funeral Services	8 550			
Masambeni Youth Trading	1 500			
Masana Electrical	280 022	-	-	-
Maseko Management Services	79 926	-	-	-
Mashova Kingdom Business	64 310	-	-	-
Masibuyele Kujehova Ministry	12 000			
Mathumbu M	1 600	-	-	-
Matji Bongane Trevor	300			
Matsane Trading	1 824			
Matsimbe trading 261	7 203			
Matsulu Spar	48 745	-	-	2 214
Matutu Civic and Construction	400			
Mavundla Nomawethu	300			
Maxflow	67 783	-	-	-
Maxiprest tyres (Pty) Ltd	16 744	-	-	31 500
Maziya Bongane	150			
Mbizoo Trading	2 599			
Mbovula Security Services	26 961			
Mcheviot Trading Enterprise	9 585			
Mcoli's Construction	42 068	-	-	-
MCS24	784			
Mculu Incorporated		37 462		
MD EMS Training Centre	10 500			

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	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE	
Mdwane Trading	3 460				
Medhold	4 621				
Medi Clinic			6 000		
Media 24	-	85 677	-	-	
Mega Paints Nelspruit	1 836				
Mega Repairs and Trading cc	70 961	-	-	65 031	
Mesco cc t/a					
Superbrake wabco distribution	-	-	-	900	
Meterman Micro Mega	192 335				
Metrogis	81 404				
Mgwenya D.M	2 000	-	-	-	
Mhlaba Image					
Promotions	1 499				
Mhlongo Simon	3 600	-	-	-	
MHMK Construction	3 500				
Michem	6 401	-	-	684	
Midas Malelane garage (PTY) LTD				887	
Midnight Star Trading 308	4 640				
Mihenhle Trading cc	15 445	-	-	-	
Minit Print	680				
Mlegeni properties cc	2 467	-	-	-	
MM Labe Attorneys			21 800		
Mnisi Dumisani					
	300				
Mnisi E.N	3 200	-	-	-	
Modisang Technologies (Pty) Ltd	3 463				
Mokoena Peter	423				
Molao Academy			17 041		
Mo-Lite Promotion	450 000				
Morgan Auto Electrical	2 485				
Moses Motor Mechanics	12 358	-	-	7 316	
Mphenyatsatsei supply	9 400	-	-	-	
Mpumalang Provincial Government	4 503	-	-		
Mpumalanga News	42 488	81 220	6 783	-	

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	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Mpumalanga stationery & office	25 990	-	-	-
Mpumalanga Top				
Business Portfolio	39 900			
Mpume Document Mgt	325			
Mqondisi cc	67 203	-	-	-
Mrs J. Nyambi	800			
mtobolo general trading	4 853			
mtobolo trd	31 421	-	-	-
Mumamalile General Trading	18 700			
Mungaleas Motor Trimmers	5 084			
Mutukudzi Trading	26 400			
Mveli Madina Trading cc	883			
MXA With DPLY, GT2	4 959			
My Office	720			
Mzora's Trading	16 800			
Mzuzu Attorneys	-	-	139 830	-
Nandos White River	1 008	-	-	-
Nashua Mobile	33 912	-	-	-
National Asphalt	42 647	-	163 802	-
National flag & branding	23 940			
National Health Laborator services				244
Native squad	15 000			
Nel Trophies cc	9 464			
Nelapruit Auto and electrical	986			
Nelspruit Armature				
Winders	11 332			
Nelspruit Auto				
Electrical CC	26 013	-	-	90 934
Nelspruit battery				
warehouse	1 150			
Nelspruit cash & carry	1 130			
Nelspruit crushers	17 292			
Nelspruit fuel injetion &				
Auto Electrical	906	-	-	48 406
Nelspruit radiators	3 749	-	-	2 319
nelspruit rugbyklub	25 000			
Nelspuit Auto Electrical cc				1 101
Nelspuit Fuel Injection	2 985			

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Netcare 911	12 000			
Netwerk Skryfbendeities	1 310			
Network Infostructure				
Solutins (PTY) Ltd	1 117			
Network infostructure				
solutions (PTY) Ltd	513			
Ngamane Construction	1 200	-	-	-
Ngobe-Nkosi Attorneys	-	-	215 259	-
Nguluzane Investment	20 820			
Ngutjane Karabo				
	300			
Ngwenyama B.W	1 800			
Ngwenyama N.S	3 000			
Nisfarm Trading	15 800	-	-	-
NJR Steel Nelspruit	19 825	-	-	1 810
Nkosana Supermarket	4 840	-	-	1 307
Nkosi Collen Sibusiso				
	15 000			
nkosi innocent	200			
Nkosi Muziwakhe				
	150			
Nkosi S.M	800	-	-	-
Nodumo Trading	24 000			
nomhle general trading	11 690			
Nothesa Manufacturing				
Services	12 429	-	-	-
Novon	1 593			
NST fuel injection &				
auto Electrical	5 491			
Nthabiseng Trading cc	25 757			
N-track (Uptwon Trading)	480			
Ntsengu Trading Enterprise	10 200	-	-	-
Nuladys cc	25 234			
Numbi Motors				1 481

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Numeri Trading cc	1 800			
Nusa africa	410			
NVP Services	6 886	-	-	-
Oasis Water White River	1 272	-	-	-
Odor Cure (Pty) Ltd	-	-	62 629	
Office Creation Décor & Dsign	16 027			
O'mega Limited	325 000			
Onsite Training Solutions			1 647	
Optimistic Skill Trading	57 159	-	-	-
Orange Restaurant	9 916	-	-	-
Orchards Spar	1 706	-	-	1 638
Oupa Mashele	600			
P & P Plant Hire & General repairs cc	9 779			
P N Shabane	25 000			
P.C Smit Pompe	5 822			
Panasonic / Ristar	1 272	-	22 694	-
Payday software systems	79 881	-	26 760	-
PC Smith Pompe	4 956			
PEL Africa Management CC	367 194			
Pennels Tanks	16 800			
Performance Auto Workshop	87 919	-	3 899	511 553
Performance Panel beaters	4 799			
Peter Manzini	100 358	-	-	-
peter's auto house	84 426	-	-	174 701
Phamken Trading and Enterprise	5 000			
Phillix and Son Trading	21 851	-	-	-
Phoenix Fire and Security System (Pty) Ltd	54 001	-	-	-
Photo Pro	2 026			
Phumelela-Vuyiswa Trading	19 414	-	-	17 550
pick n' pay	1 927			
Picto Busy	661 110	-	-	-
pik lock smith	1 490			
Pirtek				458

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
PJ Lourens Attorneys	2 112			
Plas Grow cc	4 872			
Plumbing Lady Trading cc	111 905	-	-	-
PMR Africa	53 711			
Popela Mamphasha	300			
powerpro electrical wholesalers	104			
ppe technologies nelspruit	17 121	-	-	-
Premier Sayina Africa	14 957			
Primedia Outdoor	120 000			
Pro Rolls	1 342			
prodiba	16 744			
produkta motors	5 897	-	-	78 115
Protea boek winkel	29 143			
protea truckden	1 647	-	-	3 551
Protes tyres	130 042	-	-	199 037
Purple Moss 1010	24 958	-	-	-
Quality Steel	62 130	-	-	-
R2 Photography cc t/a				
foto focus	5 425			
RCP Media	5 197	-	65 187	-
Renaissance Conference			11 398	
Replishment of stock	53 590	-	-	-
Reptile Conservation	800			
Ridds Aqua Centre (Pty) Ltd	3 530	-	-	-
Rieba clothing	2 136			
Rift Vallwy Management Consulta	25 000			
Risingsun field and services	14 473	-	-	1 140
Rista Communications	352			
Rocky's Armature Winders	66 475	-	-	-
Roses Guns	1 660			
RSH Speciality Chemicals	14 469	-	-	-
Rudamans Nelspruit	138 567	-	-	284 385
S. DE VASCONCELOS	2 312			
SA Labour Guide			4 449	
SA National Biodiversity Institute			1 200	
SA Society of travel medicine (SASTM)	4 674	-	520	-
SABC Radio Sales	-	-	242 820	

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Sabinet Online Ltd	8 094	-	7 649	-
Sabri Glass an installation	761			
SABS	1 182	26 112	-	3 065
SAEEC			3 240	
Safeconex	27 600	-	-	-
SAHF			953	
Salt Restaurant	2 000			
Samro	1 611			
SAPO	-	14 789	-	-
Sarahomes	15 914			
Sasol Secunda	13 837	-	7 503	-
Sawserve				694
Sawubona in-flight magazine				555 971
Schaltz	3 137			
Scorpex 38cc	7 524			
Screen -rite	2 317			
Selby Thanda Trading	24 713			
Shabangu Given	450	-	-	-
Sharp Electronics	4 592	-	-	-
Shemance Construction	1 850			
Shognwe Victor	300			
Siboti Xulu	12 000			
Siemens	1 140			
Sign a Rama Nelspruit	28 135	-	-	-
Signbird	1 733			
Sikhukhula Trading Enterprise	8 500			
Silinda Mokoena Attorneys	127 167	-	225 775	-
Simon Mhlongo	1 500			
Sindi Trading	29 500			
Sinelitsembe Trading	7 600	-	-	-

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Singwana L.L	1 200	-	-	-
Siphambili Distributors	13 457			
Siphesihle Trading cc	7 000			
Sipho's irrigation systems	9 410			
Sisano Project Event Pr		272 497		
Sisitasive Trading	52 896	-	-	-
SITA	1 484 022			
Sitamanzi constructors	52 314	-	-	-
Sive Aircon & Electrical Solution	124 146	-	-	-
Sivesetfu Lodge	22 543			
Sivulele Masango Trading CC	1 584			
Siyakha	15 390			
Siyalichwica				
General trader	17 636	-	-	-
Siyathokoza				
Theatre Groove	2 815			
Siyathuthuka Construction	3 200			
siyazi digital topographical mapping services pty ltd	80 883			
Siza Umphakatsi Trading Enterprise	36 137	-	-	-
SJM Electrical	27 280	-	-	-
Slam Papers Distributor & Courier	15 190	-	-	-
Slovokan Trading cc	19 198			
Smart Services	37 537	-	-	684
SMB Development Planet	3 420			
Snack Time Café	24 870	-	-	1 765
Snuf suppliers	7 200			
Soccerrex	24 850			
Sothambo General Trading CC	22 223	-	-	-
South African Nursing Council	7 050			
sound systems	21 250			
South African Post Office	59 779	23 022	26 455	-
South African roadfederation	8 988	-	-	-
Southern Africa Fault Location	16 154	-	-	-
Sowetan	119 085	20 078	-	-

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	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Sparks & Ellis	11 063	-	-	-
Speedy's Tyre & Exhaust	17 286	-	-	7 022
Spray air services	18 194			
SPSS-South Africa	946			
Squiggles	1 156			
Stainless steel hand cuffs	9 947			
Stan Academy	3 500			
Statquip t/a my office	10 000			
Stegmans trust Account	1 990	-	47 489	-
Steinmed Waste Management	7 664	-	949	-
Sud Chemie	-	-	9 316	-
Sunday Times		250 000		
Sunset Beach Trading	24 855			
Superbrake	294			
Survival Technology	5 415			
Swanepoel and partners	-	-	72 491	-
Swift Plumbing and Electrical	3 055	-	-	-
Swing chem	6 545			
Sydney Mthuzi Kunene	9 200	-	-	-
Sydwell Transport	7 980			
Syncom Business Intelligence	570			
Syntell	115 441	22 663	164 919	-
T.E Thwala	2 600	-	-	-
T/A Auto Electrical	19 527	-	-	107 660
t/a nvp services				3 370
Tact Business Development & Management	116 827			
Tamara's Caterer's	5 340	-	-	-
Tankman Septic Services cc	143 193	-	-	-
Tat I-Chain Technologies (Pty) Ltd			23 200	
Tau Sport and Media	17 499			
Teboho Lehlohonono Trading Enterprise	36 930	-	-	-
Telkom SA		400		
Temoso Trading 05	23 940			
Termike Gifts & Engravers	29 810			

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Texida Agencies	7 923			
THB Development projects	29 640			
The Conference Zone cc	7 979	-	6 838	-
The Drum				
Manufactures	6 000			
The fever tree nursery	22 563			
The institute of internal Auditors			3 138	
The Rama Family cc	30 443	-	-	-
the rat worx	1 650			
Thomas tyres	4 395	-	-	8 464
Three C'S pool shop	7 173	-	-	-
thulivuyi general trading	29 550	-	-	-
Thwala T.E	2 400			
Tidy files Mpumalanga	1 592			
Tiger & Wheel tyres				4 437
Tiko-nkulu trading	4 790			
Tinashe mkhike art & craft	28 000			
Tinga Lodge	26 500			
Tinyiko Group	2 000			
Tir-Cor Signs			29 241	
Tirepoint	92 161	-	-	143 054
tis	54 148			
Tjitji suppliers cc	27 420	-	-	-
Tlokwe City Council	10 480	-	-	-
TMS Hasler				
Business System	250			
TMS Hasler Postage Division	2 118	-	-	57 600
Tokiso			18 265	
Touchline Media				240 000
Tourism Grading Council of South Africa	40 172			
Toys Rus				
	14 715			
Tracquip Services Pty Ltd	58 480			
Tradevest michem	9 684			
Training & Skills Development	10 150			
Transfarm	7 829	-	20 508	3 321
Trappers Trading	7 762			
Trend Tap & Tile				
	646			
Tri-Cor Signs	67 468	-	25 992	-
Truck Parts				21 660

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COMPANY	REASON FOR DEVIATION			
	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Truvelo Manufacturers (Pty) LTD	33 675	93 666	2 632	-
Tsabetse Calvin	300			
Tswelopelo Funeral	4 275	-	56 856	-
Tsimane Power Maintenance cc	40 371	-	-	-
TTT Spares	-	-	-	55 477
Turbo formance cc	821			
turner morris	5 111	-	-	11 045
Ububela Chemicals (Pty) Ltd	47 538	-	-	-
Umlondvoloti General Trading	29 250			
Umpfompfo trading	4 400	-	-	-
Umsinsi Environmental Specialist	25 000			
Union Motors Lowveld	141 233	-	-	358 918
Unique Welding				1 185
United Stations (M Power)			57 636	
University of Cape Town			22 000	
University of Johannesburg			5 000	
University of Pretoria	25 300			
Uptown Trading 61cc	12 255	-	-	3 748
Urban Econ Development Economi	28 500			
Uxhumano Communications	29 877	43 436	-	-
Van Schalk Bookstore	11 646	-	6 450	-
Van staden & Pretorius	28 500			
Van Wettens	20 256	-	-	-
Breakdown Services				
Variprint systems cc			10 499	
Viljoen-Swanepoel				
Attorneys	-	-	21 800	
Vison 2001	6 568	-	-	-
voltex Nelspruit	114 057	-	-	-
Vukani Nonke				
General Trading	27 720			
Vukani Sishaba Construction	26 507			
Vukantfombi Trading	26 500			
Vukasizwe Event Management	18 380	-	-	-
Vulekamasango Investment	26 854			
Vuna Signs Solutions	28 628			
Vuyi and Vuyo				
General Trading cc	9 600			
W.C Grobler proffesional				
land surveyor	25 150			

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	EMERGENCY	SINGLE PROVIDER	SPECIAL WORKS	EXCEPTIONAL CASE
Waltons Stationery	39 260	-	-	2 025
waste collection	73 998			
Water institution of SA	6 595	-	6 595	-
Waterstone Garden Center	63 413			
WC Grobler professional				
land surveyors	5 700			
WCS Computers	9 250			
Weavind & Weavind Attorneys	1 947			
Wendy Lane CC	31 220	-	-	-
Wentzel Auto Clinic	164 175	-	-	213 664
WESTVAL NELSPRUIT	10 021	-	-	3 362
white river lawn mowers	-	-	-	31 036
Who's Who Resturant				
	1 525			
Wiesenhoof	3 850	-	-	-
Wikus strydom	3 500			
Wilow sales				
	28 988			
Windeed	31 338	-	-	2 030
WISA	1 904			
Wise wires	5 000			
Wits Business School			20 000	
Women in power general Trading	15 669	-	-	-
Wonder Masuku	2 000	-	-	-
Woolworths	1 179			
workplace				
performace technologies	1 454			
Worx of Africa	23 256			
WR lawnmower	-	-	-	3 024
Xerox	3 247	-	-	-
XPS	188 342	-	-	-
Yours Personally	12 000			
Z-Card		80 798		
Zeprow seven & transport	127 514	-	-	-
zero plus trading	3 151			
Ziwaphi	9 959			
Zizomela Trading Production	108 000			
TOTALS	116 166 587	11 849 901	20 500 284	32 020 526

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**APPENDIX G
SCHEDULE OF CONTINGENT LIABILITIES**

CONTINGENT LIABILITIES					
Parties	Type of Claim	Nature of claim & status	Amount claimed	Estimated legal costs	Contingent liability
			R	R	R
Prolius E / MLM	Damage	Defamation claim against Council and its employee (vicarious liability). Matter defended – independent legal advice obtained & there are reasonable prospects of MLM succeeding with its defence.	100 000	55 000	30 000
Nkumane MS / MLM	Damage	Defamation / <i>actio injuria</i> – claim against MLM and its employee (vicarious liability)	100 000	35 000	10 000
GXZ Business Enterprises / MLM	Damage	Alleged negligence on MLM's fire services to extinguish fire and save property. Fire destroyed a business premises and stock.	1 301 475	200 000	2 000 000
Tshisaphumngo / MLM	Damage	Unlawful arrest & detention and malicious criminal prosecution by traffic officers. Case is defended. There are no merits to the claim.	200 000	86 000	28 000
Neetling J / MLM	Damage	falling into a manhole	100 000	22 000	40 000
Mazibuko ME / MLM	Damage	Car tyre damages (within excess)	1 579	-	1 579
Helberg LM / MLM	Damage	Motor vehicle repairs (within excess)	7 248	-	7 248
Bellim MK / MLM	Damage	Storm water damage to property in Nelsville	12 221	-	12 221
Joubert D / MLM	Damage	Loss of income (tender 50/2010) – under investigation	350 000	65 000	-
Total damages claims			2 172 523	463 000	2 129 048
United Taxi Association	Court applications	Spoliation order – court application to restore control, possession and access to Nelspruit Taxi Rank.	-	67 000	-
Whiteriver Ratepayers Association / MLM	Court applications	Court application to restore water supply - water allegedly restricted during the July 2009 strike.	-	8 000	-
Total Court applications			-	75 000	-
Van Rensburg / MLM	Labour claim	Retrenchment payout (CCMA)	662 886	35 000	662 886
Total Labour claim			662 886	35 000	662 886
Telegenix / MLM	Contract claim	Procurement dispute – MLM terminated a services contract with Telegenix following a court order. Telegenix is claiming for loss of income from Council. Matter defended – the contract was terminated by operation of the law.	7 313 522	120 000	-
JOT Engineering / MLM	Contract claim	Interdict / review application – JOT seeks an interdict to restrain Council from appointing another service provider and to set aside the termination of contract by MLM	-	164 000	-
Ensemble Trading / MLM	Contract claim	Procurement dispute – claim emanates from a cession of payment agreement which was not honoured by MLM. Case is being defended. MML did not form part of the aforesaid agreement as required by the General Conditions of Contract and liability had already been settled at time of contract.	2 495 616	125 000	-
SCINFIN / MLM	Contract claim	Procurement dispute – claim emanates from termination of a service contract between Council and Gestetner, which was ceded to SCINFIN. Case is defended. Investigation conducted and an Independent legal advice sought. The procurement processes were materially flawed and the allocation was not cost effective and competitive.	535 358	88 000	100 000
P & E Energy / MLM	Contract claim	Maintenance costs at Nelspruit Taxi Rank	48 728	9 779	48 728
Unique Welding Alloy	Contract claim	Services rendered	7 693	-	7 693
SAMRO / MLM	Contract claim	Music license fee	2 183	-	2 183
Nashua Mobile / MLM	Contract claim	3G Connection / use charges	122 401	-	122 401
Sillulumanzi / MLM	Contract claim	Abortive Costs (Bid 21/2006) following termination of contract.	109 000 000	65 000	-
Sillulumanzi / MLM	Contract claim	UNESCO Travelling costs for Councillors and officials	363 000	-	363 000
Total contract claims			119 888 501	571 779	644 005
1. Amount Claimed: represent the actual amount claimed against Council as per summons / process.					
2. Estimated Contingent liability: estimated liability of Council as matter may be settled or ordered.					
3. Estimated legal costs represent the estimated legal cost which may be incurred by Council in defending the case.					
4. In motion proceedings / applications for example JOT Engineering, White River Ratepayers Association) there are no amount claimed hence no entry is made in the column. But there is a legal costs for which Council will be liable to pay.					